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The Warrior plays his last hand

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Professor Richard Gregory (left) on why scientists are the outsiders of British culture ....Page XX

Send her victorious

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EUROPE'S BUSINESS NEWSPAPER

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WORLD NEWS

EC and Efta close to accord on single market

The European Community and the European Free Trade Association have broken the legal logjam that had been blocking the creation of the world's largest single market.

The settlement of the remaining dispute over juridical matters brings the EC and Efta partners close to fully-fledged union, although there could still be hitches before the contract establishing the European Economic Area is signed. Page 22

Baker visits nuclear site

US secretary of state James Baker ventured into the heart of the former Soviet Union's military industrial complex when he visited the Chelyabinsk-70 nuclear facility in the Urals. He urged nuclear scientists to use their skills for democracy.

Arrests in Japan scandal

Prosecutors arrested four leading figures in the Sagawa Kyubin scandal in which Y528bn ($4,185m) in allegedly improper loans were taken from the coffers of Japan's second largest parcel delivery company. Page 3

Zambia's debt appeal

President Frederick Chiluba stressed his government's commitment to economic reform and sought British backing *for Zambia's appeal to* creditors to reschedule or write off its $8bn external debt. Page 3

US pay deals criticised

Democratic leaders in the US Congress are taking aim at excessive executive pay packets with a proposal to apply stiffer tax disincentives to companies paying managers more than $1m a year. Page 2

Health rumours probed

Brazil's police chief has opened an investigation into the *spreading of rumours about* President Fernando Collor's health. Stock markets fell 7 per cent following a report on Thursday that the president was to undergo major surgery. Page 2

Privatisation go-ahead

Poland's new centre-right government confirmed it was pressing ahead with a mass privatisation scheme involving western-managed investment funds. Page 2

Aid plea by Red Cross

The International Committee of the Red Cross called for a massive and urgent world effort to save 4m-5m people in strife-torn Somalia from a *"tragedy of huge proportions"*. Page 2

Co-operation agreed

China and Vietnam, whose *rivalry fuelled the Cambodia* conflict, agreed to boost economic co-operation and help ensure the success of the UN peace plan in Cambodia. Page 3

Suspects 'to appear'

The two Libyans accused of the 1988 bombing of a Pan Am *aircraft over Lockerbie, Scot*land, will appear at a public hearing before the Libyan judge investigating the case, the official Libyan news agency JANA *said*. Page 3

Irish meeting likely

New Irish premier Albert Reynolds could meet UK prime minister John Major within weeks for talks on Northern Ireland, government sources in Dublin indicated.

BUSINESS SUMMARY

Lord White names his successor at Hanson

Lord White, one of the twin architects of the growth of Hanson, surprised the City of London by announcing that Mr David Clarke would succeed him as chairman of Hanson Industries, the industrial conglomerate's US subsidiary.

Mr Clarke, president of Hanson Industries since 1978, was introduced by Lord White as his successor at a meeting of fund managers and analysts in London. But Lord White later said he still had no plans on resigning before 1996. Page 22; Background, Page 8; Lex, Page 22

OPEC ministers meeting in Geneva were close to agreement on cutting oil production to about 22.6m barrels a day *from the current 24.2m b/d*. Page 2; Lex, Page 22

US Federal Reserve said industrial production fell 0.9 per cent last month, nearly twice the decline expected on Wall Street, damping hopes of an early US economic recovery. Page 2

BRITISH government is facing mounting pressure from Conservative backbenchers, many of whom are Names, to step into the fray at Lloyd's with the aim of imposing regulatory reform. Page 22

KRUPP has cleared the last significant obstacle to its takeover of Hoesch, and the creation of a DM30bn ($18.8bn) German steel and engineering combine. Page 10

TOYOTA Motor, Japan's biggest vehicle manufacturer, announced a fall in pre-tax profits of 30 per cent to Y208.9bn ($1.7bn) in the first *half to the end of December*. Page 10

FOKKER, Netherlands-based aircraft maker, has won an order worth Fl500m ($275m) to supply seven 100-seater Fokker 100s to the regional airline China Eastern. Page 2

BRITISH Petroleum shares, one of the UK's leading stocks, plunged 19p in reaction to *Thursday's poor 1991 results*. They recovered to close at 268p ($4.85), down 6p. Page 8

ARAB Banking Corporation, Bahrain-based bank, has acquired a 1.4 per cent holding in Perrier, French mineral water company being fought over by the Agnelli family of Italy and Nestlé, Swiss food group. Page 10

STANDARD & POORS, US credit rating agency, lowered the long-term debt ratings of Sweden's two leading commercial banks. Page 10

M&G, UK fund management group, is to offer up to 995m package units in the Recovery investment trust at 100p ($1.81) each. Page 8; Lex, Page 22

VOLKSWAGEN, German motor group, said group net profits for 1991 would be about the level of 1990 – DM1.1bn ($679m) – *and those of its par*ent company would be lower as a result of new model and production costs. Page 10

DAIHATSU, Japanese vehicle maker, is to stop selling cars in the US. Page 10

UK car production in January was down 16 per cent year-on-*year in the face of a further* fall in demand from domestic and export markets. Page 3

PLACER Pacific, Australian and Papua New Guinean gold-mining group, shrugged off a higher tax charge for profits *of A$67.3m ($50.7m) in 1991*, a 5 per cent rise. Page 10

Year-long, £35m trial is most expensive in UK criminal history

Blue Arrow jury convicts four

By John Mason

THE marathon Blue Arrow fraud trial ended yesterday with four prominent City of London financial advisers *being convicted at the Old Bai*ley of conspiracy to defraud over their handling of the 1987 rights issue for the employment agency.

A year and four days after the trial began, the jury returned guilty verdicts against Mr Jonathan Cohen, Mr David Reed, Mr Nicholas *Wells, all former executives* with County NatWest, the merchant banking subsidiary of National Westminster Bank, and Mr Martin Gibbs, a former *director of UBS Phillips &* Drew Securities. All the verdicts were unanimous.

A not guilty verdict was returned against the fifth remaining defendant, Mr Christopher Stainforth, a former corporate financier with P&D.

The four found guilty were allowed home on bail and will return to court on Monday for sentencing. It is considered certain that solicitors will lodge appeals on behalf of all four after sentencing.

After his acquittal, Mr Stainforth merely said he was *"pleased" by the jury's verdicts* as they affected him.

Neither NatWest nor UBS P&D, which have been paying the defendants' legal fees, made any comment.

The verdicts will be seen as partial consolation for the Serious Fraud Office which brought the prosecution. They came at the end of week which, following the collapse of the second Guinness trial, has seen unprecedented questioning of *the way the SFO and other reg*ulators tackle large fraud cases.

The Blue Arrow trial, however, will be regarded as only a *mixed success for the SFO. Of* the ten defendants originally standing trial, six have now been acquitted. Two individuals and all three corporate *defendants* were *acquitted on* the instruction of the judge earlier in the trial.

The length of the trial and its cost – at some £35m it was *the most expensive trial in UK* criminal history – is already fuelling the debate about how fraud cases can be most effectively be dealt with by regulators and the courts.

After the verdicts were returned, the prosecution announced it is to apply to recover from the convicted defendants some of the £1m costs of the Department of Trade and Industry inquiry.

A second Blue Arrow trial is still in prospect. Conspiracy charges are outstanding against four other individuals *involved in the rights issue.* They are: Mr Charles Villiers, the former County chairman; Ms Elizabeth Brimelow, County's former compliance director; *Mr Paul Smallwood*, a former equities director with P&D; and Mr Tim Brown, another former equities director with P&D. The SFO is expected to announce shortly *whether it will proceed.*

The charges arose from the handling by County NatWest and UBS P&D of the £837m Blue Arrow rights issue to fund the takeover of Manpower, the US employment group. At the time the issue was the largest ever attempted in the UK.

The prosecution alleged that *the defendants had dishonestly* conspired to mislead the markets by secretly buying shares, totalling almost a fifth of Blue Arrow, in the failed issue to *present it to potential investors* as a success.

The defendants all argued that in the post Big Bang world they were entitled to do this and that in supporting their *client* were *doing what profes*sional financial advisers were expected to do.

Picture: Trevor Humphries

Mr Jonathan Cohen, a former executive of County NatWest, the merchant bank, shortly after he and three other defendants in the Blue Arrow fraud case were found guilty

Convictions a jolt to City 'bad behaviour', Page 5
No second trial for Seeling and Spens, Page 4
Editorial comment, Page 6

Trial-weary City says world has changed

By Norma Cohen and Richard Waters

THE OUTCOME of the Blue *Arrow trial was greeted with* surprise yesterday in the world of corporate finance, *four of whose former City of* London stars were convicted *for their role in disguising the* failure of the employment agency's 1987 rights issue.

Institutional investors, meanwhile, confessed to a kind of "litigation fatigue", noting that the Blue Arrow rights issue occurred more than four years ago and the events leading to the Guinness trial which collapsed on Tuesday happened in 1986.

The chief executive of one *leading securities house, who* would not be named, said: "I was rather surprised: I thought they were going to get off." The head of corporate finance at another added: "The judge's summing up made it look as though it was going to go the other way."

But investors generally cheered the efforts at prosecution, saying the mere fact charges had been brought had *changed City practices forever.*

"The trials have sent a warning to those who were tempted to sail close to the wind," said Mr Charles Nunnelly, deputy chairman of Robert Fleming Asset Management and chairman of the Institutional Fund Managers Association.

Indeed, investors say the *world has changed since the* events of the Blue Arrow rights issue, where the brokers attempted to hide a large unsold block of shares.

"*In placings, acquisitions* and takeovers, one can ask the right questions and expect honest answers," said one institutional fund manager.

"The mere possibility of prosecution should act as a deterrent, even if they are not found guilty," he added.

"If a deal goes wrong in that way, it's much more signifi*cant for you even than what* happens to the individuals concerned," one corporate finance chief said. He added: "There is a great deal of disen*chantment with the legal pro*cess which has led to this. The most effective sanction of all is commercial failure, rather than this attenuated and unsatisfactory legal process."

"These trials have been badly mishandled," agreed Mr Nunnelly. "The fact that it's

Continued on Page 22

Retail price cuts cause sharp drop in inflation

By Emma Tucker, Peter Marsh and Ralph Atkins

THE UK inflation rate fell steeply last month as a result of deep price cuts in shops hit by the recession, according to government figures released yesterday.

The Central Statistical Office also announced a further fall in manufacturing output at the end of last year, putting Mr Norman Lamont, the chancellor, under more pressure to stimulate the economy in next month's Budget.

In the 12 months to January, the retail prices index rose by 4.1 per cent, after a 4.5 per cent year-on-year rate in December. The fall in the annual rate was much bigger than expected in the City, and followed two consecutive monthly increases.

A measure often taken as the underlying rate of retail price inflation - the RPI without mortgage costs - showed a year-on-year rise last month of 5.6 per cent, after 5.8 per cent in December.

But the good news for the government on lower inflation, which it reckons will provide the base for a broad economic recovery, was countered by a *1.2 per cent drop in manufac*turing output between the third and fourth quarters of last year.

With manufacturing accounting for just under a quarter of UK output, it appears the non-oil economy contracted slightly or was flat in the final quarter – the sixth consecutive quarter of recession.

Especially worrying for the government – whose record on the economy will be a central theme in the election – are signs that the rate of *decline in manufacturing out*put is increasing. The fall at the end of last year followed several months in which production had appeared to stabilise.

Mr Lamont said the RPI figures showed Britain was on course for permanently low inflation, though he described the production figures as "dis-

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Commonwealth republics in disarray over military

By John Lloyd in Minsk

THE FUTURE of the Commonwealth of Independent States was thrown into doubt yesterday when three former Soviet republics said they would *immediately create their own* armed forces.

The declarations by Moldova, Azerbaijan and Ukraine at the CIS summit meeting in *Minsk constituted a sharp* rebuff to Russian President Boris Yeltsin, who has sought to maintain a unified military command.

The remaining eight republics were last night moving towards an agreement to retain a form of unified command for a transitional period of two years.

But the question remains open on when the other republics, especially Russia, will form their own military forces.

The threatened collapse of the CIS coincided with a denial that Russia intended to set up its own army. At yesterday's meeting *Mr Yeltsin* was reported to have said: "Russia does not intend to create its own army."

This declaration runs counter to statements and interviews given by senior Rus*sian military officers* over the past week to the effect that Mr Yeltsin would sign a decree creating a Russian army in the near future.

Members of the Azerbaijani delegation said last night that the 11 presidents had agreed to convene a further meeting in the Ukrainian capital of Kiev on March 20.

The agreement to meet again may herald a final division of *the military forces – probably* including the Black Sea fleet which has been in contention between Russia, which claims it, and Ukraine, on whose territory *it is based.*

The presidents last night were also preparing to sign an agreement to put former Soviet strategic nuclear forces under the command of a council of the four presidents of the republics where the missiles are sited – Belorus, Kazakhstan, Russia and Ukraine.

Mr Leonid Kravchuk, Ukrainian president, made clear that Ukraine intended to destroy its nuclear warheads by 1994 – that is, at the end of the two-year transitional period which has been agreed by the presidents.

Mr Dmitro Pavlychko, a member of the Ukrainian delegation, said: "The Ukraine will be free from the commonwealth in a military sense after 1994 because we will destroy and eliminate the nuclear weapons in Ukraine by that time."

Mr Pavlychko made clear, however, that the Ukraine would not pull out from a unified nuclear command structure.

Other military agreements focused on social guarantees for officers – a vexed question at a time when many officers lack accommodation – and on the supply and financing of military equipment.

Spokesmen for the repub-

Continued on Page 22

MARKETS

STERLING
New York lunchtime: $1.775
London: $1.7885 (1.7705)
DM2.88 (2.8725)
FFr9.785 (9.7875)
SFr2.595 (2.58)
Y228.25 (228.0)
£ Index 90.8 (90.7)

GOLD
New York Comex Feb $355.1 (357.3)
London: $354.0 (356.4)

N SEA OIL (Argus)
Brent 15-day Mar $18.45 (18.30)

Chief price changes yesterday: Page 22

DOLLAR
New York lunchtime:
DM1.6225
FFr5.526
SFr1.4625
Y127.8
London:
DM1.6285 (1.623)
FFr5.5325 (5.5275)
SFr1.4675 (1.4575)
Y127.9 (127.7)
$ index 63.7 (63.6)
Tokyo close: Y127.95

US LUNCHTIME RATES
Fed Funds: 3$\frac{15}{16}$%
3-mo Treasury Bills: 3.88%
Long Bond: 101
yield: 7.905%

STOCK INDICES
FT-SE 100: Yield 4.89
2,513.9 (−8.7)
FT-A All-Share:
1,205.56 (−0.3%)
FT-SE Eurotrack 100:
1130.78 (−5.90)
New York lunchtime:
DJ Ind. Av.
3,241.50 (−6.15)
S&P Comp
412.37 (−1.32)
Tokyo: Nikkei
20,883.86 (−507.16)

LONDON MONEY
3-month interbank:
10$\frac{7}{16}$% (same)
Liffe long gilt future:
Mar 97$\frac{11}{32}$ (97$\frac{23}{32}$)

SELLING PRICE IN IRELAND 85p, IN MALTA 50c

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Across-the-board fall in industrial production much worse than expected by markets

Blow dealt to prospects of US recovery

By Michael Prowse in Washington

PROSPECTS of an early US economic recovery were dealt a blow yesterday by much worse than expected industrial production figures.

The Federal Reserve said production fell 0.9 per cent last month, nearly twice the decline expected on Wall Street. The Fed also revised previous figures sharply downward to show declines of 0.3 per cent and 0.4 per cent in November and December.

Separately, the Commerce Department reported a 0.3 per cent decline in producer prices – a further sign of ebbing inflationary pressures. Figures for business inventories, meanwhile, showed a sharp rise in December, indicating that corporate sales were falling short of projections.

The production fall – the largest since last spring – was led by the motor industry, where output contracted 8 per cent relative to December. However, the report was a sea of minuses, with nearly every sector registering substantial declines. Manufacturing production was down 1 per cent, while the factory utilisation rate fell nearly a percentage point to 78 per cent, the lowest level for nearly a decade.

On Thursday, hopes of recovery had been lifted by a 0.6 per cent rise in retail sales in January and a revival of car sales in the first 10 days of February.

Analysts yesterday tried to make sense of the conflicting reports. Some saw the production fall as a lagged response to poor consumer demand at the end of last year. If the tentative signs of better sales were sustained, output might rise in coming months.

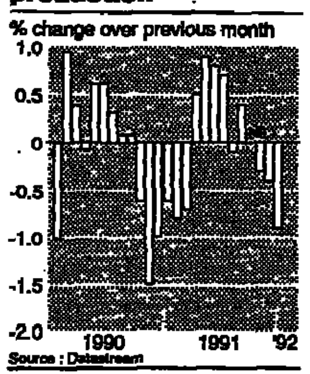
However, Mr William Griggs, of the Wall Street firm Griggs and Santow, said too much had been made of a modest upturn in the highly volatile series for retail sales. The economy was "certainly not on an upswing".

On Wall Street, share and bond markets were unsettled by the conflicting reports. Bond prices – weak in recent days – declined further in early trading despite the fall in production, which would normally be seen as presaging cuts in interest rates.

The market is fearful that Congress will vote to increase the budget deficit beyond the $400bn (£221bn) already expected in fiscal 1992 and remains convinced that the Federal Reserve will not ease policy in the near future.

US industrial production

% change over previous month



Source: Datastream

Victory for Kohl in tax reform battle

By Quentin Peel in Bonn

THE German government yesterday won approval for a big tax reform package intended to pump more money into the collapsed east German economy, largely at the expense of the west.

The deal was pushed through in the face of bitter opposition from the Social Democratic Party (SPD) by uniting all the new federal states in the east to vote for an increase in value added tax from 14 to 15 per cent.

The package also includes the first steps towards the reform of corporate tax, intended to make German industry more competitive for the advent of the single European market.

The corporate tax reforms included increased thresholds for company property tax and trade profits tax.

The vote in the Bundesrat, the upper house of the German parliament, after weeks of deadlock, is a big victory for the government of Chancellor Helmut Kohl, and Mr Theo Waigel, the finance minister. However, SPD leaders warned that it had only been done at the expense of further embittering relations between east and west.

Victory for the government came after the last-minute decision by Brandenburg, the one state in the former East Germany ruled by the SPD, to back the package, along with neighbouring Berlin, ruled by a coalition of the main parties.

Mr Manfred Stolpe, Brandenburg's Social Democrat premier, under fire himself for his dealings with the East German security police as a church leader before unification, swung the whole debate with a passionate speech spelling out the extent of economic collapse in the region.

"Do you really all begin to know the misery we are facing in the east?" he demanded. "Is it really clear to you how critical this turning point is, where we stand in 1992? The demolitions are still going on. Companies are still closing down – every week, one, two, three or four. Every week, hundreds of jobs are being lost."

The tax package will mean an extra DM33bn (£11.4bn) in finance for the eastern states over the next three years, because the whole increase in VAT will be used to bolster the German Unity Fund. That will provide urgently need cash for job creation schemes.

Mr Oskar Lafontaine, premier of the Saarland, said that the government had deliberately pitted the poorer states of the west, against all those in the east. The VAT increase would hit the lowest paid hardest, and aggravate the social tension in the country. It would destroy solidarity between east and west.

Strife-torn Somalia faces mass starvation

THE International Committee of the Red Cross (ICRC) yesterday called for a massive and urgent world effort to save 4m-5m people in strife-torn Somalia from a "tragedy of huge proportions," Reuter reports from Geneva.

Mr Jean de Courten, ICRC director of operations, said three months of faction fighting in Somalia had brought the threat of mass starvation.

"A real tragedy of huge proportions is in the making. If we are to save the Somali people we need a major international effort through the United Nations," he said.

He said the Swiss-run ICRC estimated that 30,000 people had been killed or injured in Mogadishu, the capital. A clan-based power struggle shows little sign of abating despite UN-sponsored peace talks.

The fighting broke out between forces loyal to interim president Mohamed Ali Mahdi and those of General Mohammed Farah Aideed, both members of the United Somali Congress but belonging to different clans.

A bewildered Californian couple return to their flood-wrecked mobile home in Ventura. The worst storms to hit southern California in a century have killed seven people this week, and yet more rain was forecast yesterday for a region until recently suffering from drought. In the Los Angeles area flooding has already caused millions of dollars of damage.

US Democrats target high earners

By George Graham in Washington

DEMOCRATIC leaders in the US Congress are taking aim at excessive executive pay packets with a proposal to apply stiffer tax disincentives to companies which pay their managers more than $1m a year.

Their proposal raises the stakes in a debate that has sharpened recently, and caps a move earlier this week by the Securities and Exchange Commission (SEC) to allow shareholders to exert more pressure over the pay scales of company executives.

The pay curb is expected to provide ammunition for the Democrats in their battle with President George Bush over what package of tax measures would be most helpful to the weak US economy.

Democrats are seeking to pull him into a debate on tax fairness, contrasting their efforts to cut taxes on middle income families with the limited tax bill he supports. The principal measure of that Republican bill is a capital gains tax cut the benefits of which would go mainly to the wealthy, and which excludes the middle income tax break Mr Bush suggested in last month's State of the Union speech.

The Democrats' argument won support yesterday from Mr Pat Buchanan, Mr Bush's right-wing challenger in next week's Republican primary in New Hampshire. "In retrospect, Mr Bush's State of the Union address appears to have been a giant political scam to hoodwink New Hampshire voters into believing George Bush favours tax cuts for working people," he said.

The President's advisers yesterday implicitly acknowledged that they may have positioned themselves badly on the tax issue. Mr Marlin Fitzwater, the White House spokesman, dubbed as "weasels" the Democratic members of the House of Representatives' ways and means committee, which plays the key role in tax legislation, and complained that Mr Dan Rostenkowski, the committee's chairman, had "set us up".

The Democrats' pay proposal would rule that executive pay above $1m would no longer be an allowable expense, so companies could not deduct it from taxable income.

This is expected to raise $1.9bn of extra revenue over the next six years, contributing to $71bn of new revenue measures – principally a new top personal income tax rate of 35 per cent. These would finance several tax cuts, including a $200 per person social security tax credit and a one percentage point reduction in the corporate income tax rate to 33 per cent.

Opec ministers close to accord on output cut

By Deborah Hargreaves in Geneva

MINISTERS from the Organisation of Petroleum Exporting Countries were last night close to agreement on cutting oil production to around 22.6m barrels a day (b/d), from the current 24.2m b/d.

The cut is greater than expected: Saudi Arabia having softened its resistance to deep production cuts. Mr Hisham Nazer, the Saudi oil minister, spent most of Thursday night closeted with his counterparts from the United Arab Emirates, Kuwait and Algeria to formulate a proposal that would be acceptable to all members of the diverse producers' coalition.

But as ministers completed their third day of talks, they remained bogged down in the detail of distributing production cuts in a way that is politically acceptable to all members.

Saudi Arabia has long been reluctant to shave its output such that its share of Opec production falls below a third. Gulf sources hinted yesterday that the Saudis would be prepared to drop to around 7.9m b/d – Mr Nazer has hitherto insisted on sticking to 8m b/d.

Saudi Arabia is also sensitive about the political implications of asking some of the smaller producers to share too much of the burden. Countries such as Venezuela and Algeria are constrained by political instability at home and are under intense pressure to boost oil prices while keeping as big a market share as they can.

Any allocation of production levels is likely to be more closely allied to production capacity than in the past.

Producers such as Iran are believed to be unhappy that this could mark a move away from any form of quotas linked to historic output.

A cut of some 1.5m to 1.7m b/d is unlikely to have a big effect on oil prices. Mr Homoud al-Rqobah, Kuwait's oil minister said a cut to 22.5m b/d would push prices up but not to the target price of $21 (£11.60) a barrel.

North Sea Brent crude oil for April delivery drifted yesterday in a market looking for guidance from Opec and closed little changed on the day at around $18.50 a barrel.

Blast kills five in Algerian clashes

By Tony Walker in Algiers

FIVE people were killed in an explosion after a gunfight in Algiers yesterday, the news agency APS said, at the end of a day of sporadic gunfire and skirmishes between riot police and Islamic militants.

Three security force members were also wounded in the blast at a house in the fundamentalist stronghold of the Casbah – the ancient heart of the capital. There was no immediate explanation of the blast.

However, an expected mass demonstration by fundamentalists protesting at the imposition of a state of emergency last week did not materialise, after imams at Friday prayers had urged people to avoid confrontation.

Conflict in and around the Casbah, a densely populated warren of old colonial style buildings and narrow passageways, followed a gun attack on a police guard post nearby.

Security forces swarmed around the Casbah, firing their light automatic weapons into deserted alleyways. The area is a stronghold of the now underground Islamic Salvation Front (FIS) which had urged its supporters to "moblise" against the state of emergency.

The threatened confrontation between the security forces and Islamic militants was billed as the first "test of strength" between the FIS and the authorities since the declaration of the state of emergency.

Algeria's military rulers yesterday took few chances. Guardsmen, supported by the police, in riot gear and heavily armed, blocked approaches to city squares where the FIS had planned to hold its rally. Algerians were told repeatedly in radio broadcasts that demonstrations would not be tolerated.

Many residents of Algiers stayed at home to avoid trouble. Streets were less crowded than normal. There were few, if any, episodes of rock throwing or the burning of tyres that were a feature of last Friday's clashes that helped prompt the imposition of emergency rule.

Western observers believe that yesterday's "stand-off" between the authorities and Islamic militants will continue for the time being, with clashes mainly restricted to "hit and run" guerrilla strikes.

Hundreds of FIS activists, including most of the leadership have been arrested since the military, in mid-January, aborted a second round of voting in parliamentary elections that were certain to confirm a sweeping victory for the Islamic Front.

Museum sets the Basques ablaze

By Peter Bruce in Bilbao

PLANS to build a giant new Guggenheim Museum in Bilbao, the industrially blighted centre of commerce in Spain's Basque country, have led to a revolt against the local government by some of the region's most famous artists, including two renowned sculptors, Jorge Oteiza and Eduardo Chillida.

The site chosen for the museum is home to a disused factory and shipyard on the banks of the Rio Nervion in the city centre. The museum will be bigger than the Guggenheim in New York and the first European branch in Venice. Construction is due to begin early next year.

It will cost between $100m (£55.2m) and $200m and will, say angry Basque cultural groups, drain public subsidies away from Basque art. The province of Vizcaya, of which Bilbao is the capital, is donating the site and the building to the Guggenheim Foundation.

More than 400 Basque painters, sculptors, actors and writers have joined Kultur Kezka (Cultural Complaint), created to oppose the financing of the project. The organisation says it plans to mount a determined campaign to force the local authorities to back down.

Local officials say there is no turning back. "Industry is losing importance here," says Mr Juan Ignacio Vidarte, director of fiscal policy for the province. "We cannot bet on it indefinitely."

The deal has been signed and work on the plans for the building – a "constructivist" or sculptured design – is already under way at the Los Angeles studios of the current hero of American architecture, Frank Gehry.

Mr Gehry, a maverick addict of form and materials, has called the Bilbao project "my idea of heaven". The building is at a bend in the river, next to a large modern iron bridge. "Its got to be one of the most extraordinary sites for a piece of architecture in any city," says Mr Thomas Krens, director of the Guggenheim in New York.

But architecture is not what worries the project's Basque critics. "It is not the museum that bothers us," says a spokesperson for Kultur Kezka. "A museum like that is needed in this region but not at that price. The money is being taken away from us."

Earlier this month Jorge Oteiza, 84, called the plans to build the museum for Guggenheim "an anti-Basque soap opera" and called on Basques to make criminal charges against the leaders of the region's conservative nationalist party, the PNV, presumably for maladministration of public funds. Disgusted with the PNVs cultural budget, he has given his collected works to neighbouring Navarra.

For the local government, Mr Vidarte makes no attempt to hide the fact that Bilbao selected the Guggenheim Foundation because the treasury was looking for an investment that would generate tax revenues. Just over a year ago, Guggenheim was about to sign a deal to build a new museum in Salzburg, Austria.

"They were looking for a unique building, a container, and a site that could show it off and we gave it to them," he says.

The impact on the local economy of new visitors to the city will, he calculates, generate some Pta600m (£3.3m) in new taxes every year. The PNV is quite unsympathetic to charges that the museum represents a form of American cultural imperialism.

The Guggenheim foundation will run it and make most of the decisions about what is shown in it, but, says Mr Vidarte, "it was never meant to be a Basque museum. We will be showing international art and, anyway, about 90 per cent of the Guggenheim collection is European".

NEWS IN BRIEF

Fokker wins $275m order from China

FOKKER, the Dutch aircraft maker, announced a sales breakthrough in China yesterday hours before the Netherlands government bowed to pressure from Beijing and blocked the export of Dutch-built submarines to Taiwan, writes Ronald van de Krol in Amsterdam.

Fokker said it had won an order to supply seven 100-seater Fokker 100s to the regional airline, China Eastern, and that it expected to win further Chinese orders.

Fokker, which has never before sold aircraft to China, said negotiations had been taking place on and off for five years. However, it is clear the deal would not have gone ahead if the Dutch government had not blocked shipbuilder Rotterdam Droogdok Maatschappij from accepting a Fl 2.5bn Taiwanese order for four submarines.

Quebec shelves hydro scheme

Quebec's energy ministry and Hydro-Quebec have confirmed that the C$13bn Great Whale hydro-electric project in the north of the province may be delayed indefinitely because of a campaign by the Cree Indians, writes Robert Gibbens in Montreal.

Ms Lise Bacon, Quebec's energy minister, said Hydro-Quebec was considering speeding up alternative projects further south and on the St Lawrence North Shore, together offering nearly as much power as Great Whale's 3,000mw in the far north.

Japan closes nuclear chapter

Japan's sole nuclear-powered vessel, the Mutsu, was taken out of commission yesterday, closing its 23-year history as an experimental ship, writes Emiko Terazono in Tokyo.

The end of the controversial Mutsu project symbolises the failure by the Japanese government to reach consensus on nuclear energy within the country. The 8,242 ton Mutsu was launched in 1969. The vessel's maiden voyage, in 1974, was a disaster. Within minutes of the first test, a radiation leak was detected and the voyage was abandoned, amid damning publicity.

Oil job for Pérez de Cuéllar

ENI, the Italian state oil concern, has appointed Mr Javier Pérez de Cuéllar, the former United Nations secretary-general, as a special adviser to the group's president, Mr Gabriele Cagliari, writes Robert Graham in Rome. Mr Cagliari said ENI would benefit from Mr Pérez de Cuéllar's experience in a fast changing world where international institutions like the UN were playing an increasingly important role. Mr Pérez de Cuéllar, a 72-year-old Peruvian diplomat, ended a 10 year term as UN secretary-general last month.

Cuba doubles vegetable prices

Cuba's government doubled the official prices of several vegetables yesterday, moving to cut heavy state farming subsidies and offset the rising cost of fertiliser, pesticide, herbicide and seed imports, Reuter reports from Havana. The official Communist party newspaper Granma announced the price increases to consumers who are already squeezed by tight rationing and shortages of some food products and practically all consumer goods.

Police probe rumours over health of Collor

By Christina Lamb in Brasilia

BRAZIL'S police chief has opened an investigation into the spreading of rumours about President Fernando Collor's health.

Stock markets fell 7 per cent following a report, circulated on Thursday by Faxpaper, an agency which sends bulletins to companies, that the president was to undergo major surgery.

Not even strong denials from the presidency and a public appearance by Mr Collor stopped the market fall.

This is the latest in a series of rumours about the president's well-being and the second time in a week that the bourse has been affected.

Mr Collor has lost a considerable amount of weight since taking office nearly two years ago and has recently given up exercising in public.

His appearance has deteriorated so much that at a recent news conference a Brazilian reporter asked him if he was suffering from Aids.

Mr Collor's spokesman said yesterday he believed the rumours had been leaked for speculation reasons, adding that he had asked the police to investigate.

Under Brazilian law, spreading rumours against the interests of the economy is a criminal offence. Yesterday, the federal police asked the National Securities Commission for details of unusual movements in the market.

Brazilian press reports suggest that the source of the rumours is among Mr Collor's own staff. However, as one diplomat commented: "It would be very easy for Collor to end these rumours by restarting his beloved jogging. The fact that he doesn't leaves a question mark."

Polish government gives top priority to mass privatisation

By Christopher Bobinski in Warsaw

POLAND'S new centre-right government confirmed yesterday that it was pressing ahead with a mass privatisation scheme involving western-managed investment funds. The scheme will be a key element in its policy of reducing the share of state ownership throughout the economy.

A policy document accepted by the government's economic steering committee puts mass privatisation, and a scheme for compensating former owners, at the top of a list of actions designed to transfer half of Polish industry to the private sector within two years.

Last year, a start was made on privatising 12 per cent of the nearly 8,500 companies in state hands. This year, the government expects to privatise at least 200 companies through mass privatisation. A further 10 companies will be sold through conventional public share offers, doubling the number of quoted companies on Warsaw's stock exchange, while another 30-40 factories will be sold to foreign investors compared to eight last year.

Revenues from disposals are expected to more than double last year's Zl 3,500bn (£168m) contribution to the budget and Mr Tomasz Gruszecki, privatisation minister, wants to retain half of privatisation proceeds to restructure companies before they are put on sale.

Under the mass privatisation scheme, 200 concerns will initially be handed to western-managed investment funds in which shares will be sold to the population at a nominal charge. This will be doubled as soon as possible.

The privatisation ministry is being advised by S G Warburg, the London merchant bank. Fund managers will be chosen by June and the scheme will be financed in part through a $240m World Bank loan. Parliament will soon be asked to decide whether the entire population, or just adults, should be involved, as well as the price of shares in the funds.

Former owners of nationalised property worth Zl 100,000 will also be partially compensated through the mass privatisation programme

The government is also planning a privatisation agency run on commercial lines to handle sales of state property. Mr Gruszecki suggested that 49 per of the shares in it could be sold to institutions like the World Bank or European Bank for Reconstruction and Development.

Greeks protest at use of name 'Macedonia' by new republic

By Kerin Hope in Athens and Judy Dempsey in London

SEVERAL hundred thousand Greeks yesterday demonstrated in the northern city of Salonica against the use of the name Macedonia by the breakaway Yugoslav republic, Greece's northern neighbour.

The demonstration coincided with suggestions that the European Community may soon recognise Macedonia as an independent republic.

Mr Dinos Kosmopoulos, the mayor of Salonica, capital of the Greek province of Macedonia, said the emerging republic (of Macedonia) had "challenged our history and stolen our name."

Greece refuses to recognise the Macedonian republic's independence unless it changes its name and gives guarantees that it has no territorial claim on northern Greece.

However, there is increasing speculation that if other western countries recognise Macedonia, the Greek government will drop its opposition to the name providing Macedonia denies the existence of a Slavo-Macedonian minority in Greece.

Meanwhile, in Macedonia itself, the Yugoslav federal army continues to withdraw its forces from the republic.

David White, Defence Correspondent, adds: The UK is discussing sending specialised support units to Yugoslavia for the planned UN peacekeeping force, but is resisting involvement by British combat troops. Its reluctance is based on fears that the plan may become a long-standing commitment such as the UN force that has been in Cyprus since 1964 or Britain's own engagement in Northern Ireland since 1969.

However, Mr Douglas Hurd, foreign secretary, yesterday expressed Britain's "full support" for the plan and urged "swift UN involvement". The shape of the force of up to 13,000 is expected to be worked out early next week after talks involving 31 countries.

Britain's contribution is likely to focus on areas such as portable satellite communications and engineering units. But experts believe it may involve fewer than the 1,200 personnel suggested by the UN.

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INTERNATIONAL NEWS

Businessman Hiroyasu Watanabe, centre, being taken to Kosuge prison after his arrest yesterday

Four men arrested in £2.3bn Sagawa Kyubin loans scandal

By Steven Butler in Tokyo

PROSECUTORS yesterday arrested four leading figures in the Sagawa Kyubin scandal in which Y528bn (£2,378m) in allegedly improper loans were taken from the coffers of Japan's second largest parcel delivery company.

The arrests mark an important step in a widening investigation by the Tokyo District Public Prosecutor into improprieties at the company. The scandal is expected to involve gangsters and could net politicians as well.

The police arrested Mr Hiroyasu Watanabe, former president of Tokyo Sagawa and Mr Jun Saotome, former managing director of the company on charges of breach of trust. Also arrested were Mr Micho Ouchi, former chief accountant at *Ichihara Kanko Kaihatsu*, a golf course development company, and Mr Yasuo Matsuzawa, president of Heiwado, a medical equipment sales company.

Improper loans and loan guarantees from Sagawa were allegedly funneled through the two companies with most of the funds eventually used for speculation in the stock market. This turned sour when the market turned down two years ago.

Much of the money, however, is also alleged to have found its way into the hands of gangster-controlled companies associated with the Inagawa-kai, a large crime syndicate.

It was alleged last night that Y5bn was funneled back to both ruling party and opposition politicians through the purchase of tickets for fund-*raising events. It is unclear* whether this type of political contribution would amount to impropriety on the part of the politicians, or whether Sagawa obtained any political favours as a result.

Specific charges against the four men yesterday involved misappropriation of Y12.6bn in loans and loan guarantees, Prosecutors yesterday raided 15 more locations in an effort *to assemble more evidence to* support the charges.

The raids have been well planned and publicised in advance and news of the unfolding scandal now occupies up to half of the 30-minute evening news on NHK, the *state broadcasting system. The* arrests were shown on television, although public prosecutors refused to confirm news of the arrests to foreign journalists on the grounds that to do so would violate the civil rights of the accused.

Public interest in the scandal has been heightened by the expectation that it may eventually bring down leading politicians.

Japanese lose their aversion to western-style profligacy

Traditionally stern savers, people in Japan have discovered the credit card, reports Emiko Terazono

A RECENT box office hit in Japan depicts debtors beating debt collectors helped by a Robin Hood-like agency. In real life, such agencies do not exist, but the release of the film, Yonigeya-Honpo – which literally means Moonlight Flit Agency – comes as Japan's rising consumer debts are becoming an increasing problem.

After the years of loose money and lavish spending of *the late 1980s*, the image of the Japanese being keen savers is in dire need of review.

"Consumer behaviour in Japan has changed from sav*ing and spending to* borrowing and spending," says Mr Kunji Okue, economist at County NatWest, the UK brokerage firm. According to government figures, consumer debt per household totalled Y4.9m (£22,000) in 1990, a 67 per cent rise from 1985.

In the film, Moonlight Flit Agency, a young man wearing an Italian *suit* deftly *shuffles* his deck of credit cards. "I only want the best for myself, and I can get it," he says. Many Japanese, especially the young *generation, share the feeling. If* they cannot afford it, they can always use credit. To them, the traditional sense of guilt associated with borrowing money is alien.

Many older Japanese are appalled by the change in values, but on the other hand, many of the older generation too have been driven by materialism as frugal habits gave way to the stock and real estate market boom of the 1980s.

The sinful image of "debt" written out in kanji – Japanese characters – was elimi*nated by the use of the English* "rohn" (loan) or "kurejitto" (credit). The current labour shortage also gave the younger generation a sense of job and *wage security*, and reduced the urgency to save.

However, a lack of education about the dangers of credit and a rise in interest rates have pushed up the number of bad debts. According to Japan's supreme court, personal bankruptcies last year totalled 23,287, double that of five years ago, and the underlying rate of debt problems *is increasing* even more rapidly.

Banks, which competed to lend to retail clients in the late 1980s also face problems. *According to the* Federation of Bankers Associations of Japan, the number of defaults by consumers at banks rose a year-on-year 54 per cent in 1991 to 171,320.

Credit cards, which have become popular over the past seven or eight years, are causing problems. Aggressive marketing by consumer credit companies pushed up the circulation of cards to 166m by last March, doubling the figure five years before.

Eager to increase market share, credit card issuers, which range from retailers to leasing companies, are now regretting that they didn't bother with stringent credit checks on new cardholders.

"There has been no systematic introduction of credit cards in Japan, and credit information on the individual is virtually unavailable," says *Mr Greg Kaufman of Consumer* Credit Clearance, a debt collection agency.

Worried authorities have started to establish a centralised data base on borrowers, by accumulating existing information held by the credit companies. But calls by the Ministry of Finance and the Ministry of International Trade and Industry to contribute client information, have been met with cool response by the credit card issuers.

Authorities also have trouble regulating some *consumer* finance companies, which charge rates as high as 40 per cent a year on loans, and are known for their strongarm approach to delinquent debtors.

Meanwhile, the rising consumer leverage may have adverse effects on the Japanese economy. Mr Okue at County NatWest *says that as the* amount of household debt rises, consumer spending will be directly affected by interest rate and wage movements, making fluctuations in the economy more volatile.

Many more companies go bankrupt

By Steven Butler

CORPORATE bankruptcies in Japan rose 46.9 per cent in January compared to a year ago, the Teikoku Data Bank said yesterday, as the decline in property and share prices continued to put pressure on businesses.

It was the 16th consecutive month to register year-on-year increases in bankruptcies, with 949 cases. Although this *was a decline from* 1,204 bankruptcies registered in December, Teikoku *said* that adjusting for seasonal factors, levels were continuing to increase.

The high level of business failures reflects the slowing of the economy and government policies aimed at curbing rampant asset price inflation of the last decade. The liabilities of bankrupt companies reached Y448.2bn, (£2bn) down from Y642.3bn a year ago.

Although the Finance Ministry lifted restrictions on property-related lending in January, Teikoku said that continuing bank reluctance to lend to the sector had caused a number of companies to go under. The gradual decline in interest rates since the summer has also failed to bring relief to the sector.

Property companies again headed the list of bankrupt *companies, with 86 cases* recorded.

In spite of the continuing slowdown in the economy, inability to hire sufficient labour was cited as a cause of 46 bankruptcies.

Libya to put bomb suspects before judge

THE two Libyans accused of the 1988 Lockerbie bombing will appear at a public hearing before the Libyan judge investigating the case, the official Libyan news agency JANA said yesterday, Reuter reports from Tunis.

The Libyan announcement follows moves by Britain, France and the US to prepare a UN Security Council resolution imposing an air and arms embargo on Libya until it hands over the suspects.

A British lawyer who interviewed the suspects says they are eager to go on trial to prove their innocence.

The US and Britain allege the two men were Libyan intelligence agents and were involved in bombing the Pan Am airliner over Scotland which killed 270 people. Four *other Libyans are suspected of* blowing up a French UTA airliner over Niger in 1989 in which 271 died.

Zambia asks UK to write off debts

By Michael Holman, Africa Editor

PRESIDENT Frederick Chiluba yesterday stressed his government's commitment to economic reform and sought British backing for Zambia's appeal to creditors to reschedule or write off its $8bn (£4.4bn) external debt.

Mr Chiluba, on a two-day official visit to London, put Zambia's case for debt relief and new aid in a meeting at Downing Street yesterday with Mr John Major, the British prime minister.

Mr Major told President Chiluba, who came to power last October in Zambia's first multi-party elections for 22 years, that Zambia would be eligible for debt relief under the Trinidad terms, set out in 1990 by Mr Major when he was chancellor.

The prime minister told the Commonwealth conference in Harare last October that Britain was prepared unilaterally to implement the terms, which envisage writing off two-thirds of the export credits owed by the world's poorest countries.

The two men signed agreements, negotiated after Mr Chiluba's election *victory*, rescheduling Zambia's 1992 debt obligations to Britain, and releasing £10m balance of payments support from Britain which *had been frozen pending* the economic reforms.

China and Vietnam to end rivalry

CHINA and Vietnam, whose rivalry fuelled the Cambodia conflict, agreed yesterday to *boost economic* co-operation and help ensure the success of the UN peace plan in Cambodia, Reuter reports.

Vietnamese Foreign Minister Nguyen Manh Cam told a joint news conference with Chinese Foreign Minister Qian Qichen in Hanoi that Chinese Premier Li Peng had accepted an invitation to visit Vietnam in the second half of the year.

Cam signed an agreement with Qian yesterday covering economic co-operation between Vietnam and China and another lifting visa requirements for diplomats and those travelling on official business between the two countries.

Qian's trip was the highest level visit from Beijing since China launched a border war against Vietnam in 1979, when the Beijing-backed Khmer Rouge government in Cambodia was defeated by an invading Vietnamese army.

China and Vietnam promised to help ensure the implementation of the Cambodian peace plan signed in Paris last October by their warring proteges.

UK NEWS

Manufacturing output falls 5.2%

By Peter Marsh, Economics Staff

MANUFACTURING output fell last year by 5.2 per cent compared with 1990, with the rate of decline speeding up in the last quarter, the Central Statistical Office said yesterday.

Seasonally adjusted output in the three months to December was at its lowest quarterly level for nearly four years.

Factory output in December was 8 per cent below the level in the second quarter of 1990, when it reached an all-time peak reached just before the start of the recession. In December output fell 0.3 per cent from November.

Between the third and fourth quarters of last year manufacturing output fell 1.2 per cent. Between the second and third quarters it was flat. It fell 0.7 per cent in the second quarter and 1.5 per cent in the first quarter.

Factory production has fallen for six successive quarters, the longest run since the CSO started keeping records in 1952. While factory production in the 1974-75 and 1980-81 recessions fell for just five quarters, the total decline in manufacturing output was deeper – 12 per cent and 15 per cent respectively.

In manufacturing, output by the metals and chemicals industries was virtually flat between the last two quarters *of last year*.

Mineral products – such as building materials – food, drink and tobacco, textiles and clothing and general manufacturing each saw a fall of 1 per cent while engineering *declined by 2 per cent*.

The chemicals sector increased output by 3 per cent last year, compared with 1990, while food, drink and tobacco was *unchanged. All the other* main sectors recorded falls – engineering fell 7 per cent, textiles and clothing 8 per cent and metals and minerals 9 per cent.

Since manufacturing output began to decline in mid-1990 engineering has been among the hardest-hit sectors, with production having fallen 12 per cent.

Between the third and fourth quarters output of the energy and water industries increased by 3 per cent, leaving output of all production industries – manufacturing, energy and *water – virtually unchanged* over the period. For last year, energy and water output rose 3.5 per cent, with all production industries down 3 per cent.

Due to a squeeze on earnings across manufacturing, unit wage costs in the three months to December were up 4.4 per cent on a year earlier, after 5.0 per cent in November.

There was a further increase in manufacturing productivity, with output per person between September and December up 3.3 per cent on the previous year. In the three months to November this figure was up 2.7 per cent on the same period in 1990.

Retail price-cutting pushes down headline inflation rate

By Emma Tucker, Economics Staff

THE SHARP reduction in headline inflation yesterday was welcome news for the government following Thursday's steep rise in unemployment and the record number of house repossessions.

The fall in the annual rate of increase of the retail prices index for January to 4.1 per cent puts the UK headline inflation rate below the EC average of 4.9 per cent and below the ERM average of 4.5 per cent. Overall the RPI fell by 0.1 per cent from 135.7 in December to 135.6 in January, based on a weighting of 100 in January 1987.

But the good news on inflation also reflects bad news on the economy. A breakdown of the falls in prices of the components of the RPI reveals the desperate lengths to which some retailers went in January to overcome the negative forces of the recession.

The biggest of these falls was recorded in clothing and footwear, where prices fell 5.1 per cent on the month, the biggest fall recorded in this sector *since February 1921.*

The Central Statistical Office said the figure reflected the exceptionally sharp price reductions in the January sales which turned out to be even more extensive than the sales in January last year, already a record in their own right.

There were further steep price reductions in household goods, where prices fell 1.7 per cent on the month – the largest monthly fall since 1956 and a reflection of price discounting in furniture and electrical appliances.

The link between the heavy discounting by retailers in January and the sharp fall in the annual rate of inflation leaves *a question mark hanging over* the sustainability of the latest rate of inflation should demand start to pick up.

Seasonal factors and higher prices for fares and utilities were the main reason for the rises that occurred last month.

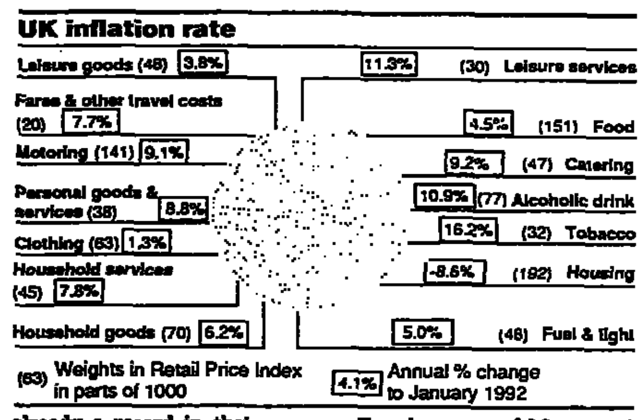
Fare increases of 6.3 per cent in January pushed travel costs up by 2 per cent on the month, while higher prices for house-contents insurance caused a 1.7 per cent monthly increase in the price of household services.

A sharp rise in the price of home-killed lamb, and price increases for some fresh vegetables caused seasonal food prices to rise by 2 per cent.

A smaller rise in non-seasonal food prices – 0.8 per cent – *reflected* more expensive bread, cheese, soft drinks, beef and bacon.

A 1.1 per cent monthly increase in personal goods and services reflected higher charges for various services including health insurance.

UK inflation rate



January car output slips 16%

By Kevin Done, Motor Industry Correspondent

UK CAR production in January was down 16 per cent year-on-year in the face of a further fall *in demand from both domestic* and export markets.

Output was sustained in the early months of last year by a rise in production for export. The Society of Motor Manufacturers and Traders warned yesterday that exports could no longer be depended on to counteract poor domestic sales.

According the SMMT and *the Central Statistical Office*, car production last month fell 16 per cent to 95,279 from 113,472 in the same month a year ago. Commercial vehicle output fell by 10.7 per cent to 16,507 from 18,486.

On a seasonally adjusted basis car output in the six months to the end of January was 17 per cent lower than in the previous six months, and 20 per cent lower than in the same period a year ago.

Car output for export in the past six months – on a season*ally adjusted basis* – was 2 per cent lower than in the same period a year ago but 17 per cent lower than in the previous six months.

For the whole of last year car production fell 4.5 per cent to 1.23m from 1.29 in 1990.

UK NEWS

Tory opinion poll lead halved to 2.5 points

By Ralph Atkins

THE CONSERVATIVE lead over Labour has halved, according to an opinion poll published today.

A Gallup survey for The Daily Telegraph, completed on Tuesday, shows the Tories' standing 2.5 percentage points higher than Labour – half the lead shown in a similar poll a week before. That was before the political storm over this week's gloomy figures on unemployment, house repossessions and economic output.

The poll appears to confirm that neither Labour nor the Tories have managed to establish momentum behind their campaigns. An ICM poll on Wednesday put the Tories and Labour level on 40 per cent.

April 9 is now regarded as a near certainty among MPs for the election date, leaving only three complete weeks before the campaign proper begins.

Mr Chris Patten, Tory party chairman, intensified the pre-election mood at Westminster yesterday by threatening legal action against Mr Peter Hain, Labour MP for Neath, over comments Mr Hain made last week on BBC television over thefts from MPs offices.

Conservative party lawyers have been instructed to start libel proceedings – unless Mr Hain apologises, retracts and gives redress for what Mr Patten said were "untrue" allegations.

Mr Patten said Mr Hain had said that he had organised or encouraged a concerted campaign of criminal activity to gain political intelligence to discredit the Labour and Liberal Democrat parties.

Mr Hain said he would not be "gagged" by Conservative Central Office "about these sinister series of apparently politically motivated pre-election smears and computer burglaries".

Mr Patten's threat came as ministers acknowledged that some of the legislative programme would be lost if the general election was on April 9. Two possible casualties are the Asylum Bill and the Schools Bill, which seeks to privatise the Schools' Inspectorate, currently being considered in the Lords.

Ministers raised the prospect of changes to immigration rules being part of the Conservative manifesto by saying that if the controversial Asylum Bill was not completed it would be reintroduced if the Tories won the election. The bill was proposed by the government to toughen immigration procedures in the face of increasing numbers of asylum seekers.

Paul Marland: received cash call

David Tredinnick: attended ministerial meeting

MPs joined loss-making syndicates

By Richard Lapper and David Owen

MR PAUL MARLAND, the Conservative MP who is working with loss-stricken Lloyd's Names to press for changes at the insurance market, was one of more than 40 Tory MPs who were Names last year.

Most Conservative MPs have been more fortunate than Mr Marland in their choice of syndicates. All but four appear to have avoided the four groups of catastrophe reinsurance syndicates which produced devastating losses for Names – individuals whose assets provide the insurance market's capital – in 1988, 1989 and possibly also in 1990.

Mr Marland, who is MP for Gloucester West and who joined Lloyd's in 1987, was a member of syndicates 164, 290, 298 and 299 (all managed by the Gooda Walker and related agencies) as well as syndicate 255 (managed by Rose Thomson Young) in 1989 and 1990.

He is one of 3,000 Gooda Names to have received cash calls. Last month the Gooda Walker syndicates announced a cash call of £101m.

Mr Marland, Mr David Tredinnick, the MP for Bosworth, and Mr James Arbuthnot, MP for Wanstead and Woodford, accompanied a delegation of Names to a meeting with Mr John Redwood, corporate affairs minister, on Thursday.

Mr Tredinnick is also involved with catastrophe reinsurers. In 1989 and 1990 he was a member of syndicates 255, 290 and syndicate 540/542, managed by the Feltrim agency.

Two other MPs have also been members of catastrophe reinsurance syndicates in recent years. Mr Ian Lang, the Scottish secretary, was a member of 255 in 1990 but not in 1989, an underwriting year for which the syndicate is expected to record heavy losses. Mr Gerald Bowden, MP for Dulwich, was a member of the Gooda Walker syndicates 298 and 299 in 1989.

According to Lloyd's, Mr Peter Brooke, the Northern Ireland secretary, Mr David Hunt, Welsh secretary, and Mr John Wakeham, energy secretary, were members of Lloyd's last year. Other members included Mr Edward Heath, the former prime minister; Mr Archie Hamilton, the armed forces minister; Mr Alan Howarth, a junior education minister; Mr Peter Lloyd, a junior Home Office minister; Sir Nicholas Lyell, the solicitor-general; Mr John Maples, economic secretary to the Treasury; Mr Richard Needham, a junior Northern Ireland minister; and Mr Timothy Renton, the arts minister.

Other Tory MPs who were members include Mr Robert Adley (Christchurch), Mr Rupert Allason (Torbay), Mr David Ashby ((Leicestershire NW), Mr Spencer Batiste (Elmet), Mr Henry Bellingham (Norfolk NW), Sir Peter Blaker (Blackpool South), Sir Nicholas Bonsor (Upminster), Mr Robert Boscawen (Somerset & Frome), Mr Kenneth Carlisle (Lincoln), Mr Winston Churchill (Davyhulme), Mr David Evennett (Erith & Crayford), Sir John Farr (Harborough), Sir Norman Fowler (Sutton Coldfield), Mr Ralph Howell (Norfolk N), Mr Roger Knapman (Stroud), Sir Anthony Meyer (Clywd), Mr John Moore (Croydon C), Sir Charles Morrison (Devizes), Mr Graham Riddick (Colne Valley), Mr Jonathan Sayeed (Bristol E), Sir William Shelton (Streatham), Mr Anthony Steen (S Hams), Mr Neil Thorne (Ilford S), Mr John Townend (Bridlington), and Mr Peter Viggers (Gosport).

No second trial for Seelig and Spens

By Raymond Hughes, Law Courts Correspondent

FORMER MERCHANT bankers Mr Roger Seelig and Lord Spens will not face a further trial on fraud and false accounting charges arising from the Guinness takeover of Distillers in 1986.

On Tuesday, 4½ months after the trial began, Mr Justice Henry discharged the jury because Mr Seelig could no longer defend himself adequately.

He said two psychiatrists believed that, because of the mental, physical and emotional strain Mr Seelig was suffering, there was a risk that he might do "something irrevocable" if the trial went on.

Yesterday Miss Elizabeth Gloster QC, for the Serious Fraud Office, told the judge that Mrs Barbara Mills QC, SFO director, had decided not to subject either Mr Seelig or Lord Spens to a second trial.

"It appears to her that, in the light of the medical evidence relating to Mr. Seelig's mental condition, it is not realistic to suppose that he will be in an adequately fit mental state to endure a long trial within the reasonably foreseeable future, and that, even if . . . he were to recover sufficiently within a reasonable period of time to face a second trial, there would be a real and substantial risk of a recurrence of the same problems."

In those circumstances Mrs Mills had asked Sir Patrick Mayhew QC, the attorney-general, to consider directing that a *nolle prosequi*, which halts proceedings but is not equivalent to an acquittal, be entered to stay the proceedings against Mr Seelig, and that had been done.

Miss Gloster said Lord Spens was in a different position as his health did not appear to prevent him standing trial again.

"However, Lord Spens has already had to face the strains of a long trial which finally aborted, through no fault of his own, without a verdict.

"In July last year Lord Spens suffered a heart attack which necessitated open-heart surgery, although it is right to say that he has never sought to use his health as a reason for adjourning or delaying these proceedings."

Mrs Mills therefore had to consider whether, "notwithstanding that she remains satisfied that there is sufficient evidence to proceed against Lord Spens, the public interest requires him to be subjected to the rigours of a second lengthy trial."

Her decision was that it did not, Miss Gloster said.

"The events which gave rise to the charges against Lord Spens happened some six years ago. His alleged culpability as one of several recruits to the illegal share-support scheme may be regarded, in comparative terms, as of lesser gravity than that of those who took the centre-stage position. It could be regarded as unfair to proceed to a second trial at which Mr Seelig was absent."

In addition, Mrs Mills had taken into account the costs to the public of a retrial.

"Accordingly," Miss Gloster said, "the director has decided that, in the very special circumstances of this case, the prosecution should not offer any further evidence against Lord Spens in respect of the counts in this indictment."

The judge then sat in private to hear an application by Lord Spens that the judge enter a formal not guilty verdict against him. That was adjourned until Friday.

Outside the court Lord Spens said the position was very unsatisfactory. "The collapse of this trial has absolutely nothing to do with me. Mr Seelig has been discharged and I am in limbo as to whether I have been acquitted and whether I can get costs."

He said his costs before getting legal aid had been between £300,000 and £400,000.

Mr Seelig said the resolution of the case was "an enormous relief."

Labour plans for homes spending

By David Owen and John Willman

LABOUR INTENDS to unveil plans soon which would allow a government led by Mr Neil Kinnock to implement a house-building programme without adding directly to public spending.

The package is one of a number of ways the party aims to harness private funding to carry out measures which would not require extravagant spending pledges.

Mr Clive Soley, Labour's housing spokesman, will announce details of a national housing bank which would encourage the building of homes for rent by lending to housing associations and private landlords.

The bank would be structured as a public limited company rather than a statutory corporation. Its borrowing would fall outside the Treasury's definition of the public-sector borrowing requirement, and would not increase it.

The bank would also offer a way of recycling local authority capital receipts from the sale of council houses back into housing without increasing the PSBR. Local-authority money invested in the national housing bank would not count towards the PSBR – even if the money were lent to housing associations.

A blueprint for a national housing bank has been drawn up by Mr Stephen Merrett, who advises Labour's front bench on housing policy.

In a recently-published Fabian Society pamphlet Mr Merrett suggests that up to £10bn could be raised through such a bank over five years.

The pamphlet also recommends that mortgage debt owed by housing associations to public-sector bodies such as the Housing Corporation should in effect be privatised by selling it to the bank.

Mr Merrett advocates giving the government an initial 25 per cent stake in the bank, in the form of a Bank of England shareholding. It would take over the funding functions of the Housing Corporation, which provides finance for housing associations.

A National Housing Bank. Fabian Society, 11 Dartmouth Street, London SW1H 9BN. £3.50.

Hydro to raise prices by 4.9%

HOUSEHOLDS in northern Scotland face a 4.9 per cent rise in charges in April from Scottish Hydro-Electric, the first electricity company to announce increases for the coming year. Hydro's rise last year was 9 per cent.

Hydro said it had undercharged last year and was entitled to recover its costs from customers.

Pensions growth

SALES OF life assurance and pensions enjoyed strong growth last year, the Association of British Insurers reported yesterday. But its figures also suggested that consumer confidence in the stock market was low.

There was a 6 per cent fall in takings for unit-linked regular-premium products, which are directly exposed to stock market fluctuations. Business in non-linked regular premium schemes, which spread risk more widely, increased 9 per cent.

Weekend, Page II

Glynwed jobs go

GLYNWED International, the engineering group, is to combine its two West Midlands copper tube businesses on one site with the loss of about 200 jobs. The Continental Tube plant at Great Bridge will be transferred to Wednesday Tube at Bilston.

'Sherry' hearing

A HIGH COURT judge yesterday reserved judgment on an attempt by sherry producers to halt sales of Stone's Original Pale Cream, a new drink blending Spanish and British sherries. They said Matthew Clark of Leeds, the maker, was trying to cash in on the reputation of the Spanish product.

Bristol link road

THE GOVERNMENT has given the go-ahead for a £47m dual carriageway linking the M32 and Bath Road in Bristol. The road is at the heart of plans for regeneration of the city centre.

ELS receivership puts 550 jobs under threat

By John Thornhill

ABOUT 550 jobs were put at risk yesterday at 40 ELS stores throughout England and Wales as administrative receivers were called in at the troubled furniture chain.

ELS, which is wholly-owned by the Greater Nottingham Co-operative Society (GNCS), had been particularly badly hit by the collapse of the housing market.

According to KPMG Peat Marwick, the receiver, it had suffered "continuing significant losses".

ELS had turnover of £50m last year. The company employed 423 full-time workers and 123 part-time staff.

KPMG said it would seek to sell the business, or parts of it, as going concerns. It added that the first priority was to ensure that customer orders were fulfilled.

All the stores have been closed to allow stock-taking to be completed. Customers who have paid deposits are advised to telephone the stores from Monday onwards.

GNCS, which runs several other businesses, is unaffected by the receivership at ELS. For some weeks, however, the society has been in merger talks with Co-operative Wholesale Society.

GNCS's members have approved the merger which is expected to be confirmed by mid-March.

BNFL to reduce its workforce by 750

By Chris Tighe

BRITISH NUCLEAR Fuels is to cut 750 jobs at its head office and design centre at Risley, near Warrington, Cheshire, the company said yesterday.

The cuts, which affect engineering and design staff, are due to the rundown of construction at BNFL's Sellafield nuclear waste reprocessing plant in Cumbria.

BNFL has been spending £1.5m a day on construction work at Sellafield, mainly on the development of the £1.85bn thermal oxide reprocessing plant (Thorp) which will come into operation later this year.

BNFL said the job losses, which would reduce its engineering division from 1,750 to 1,000 by the mid-1990s, were necessary for it to become more competitive. The division is being restructured to focus on core technical and engineering skills, including project management, with greater use of external contractors for other work.

Mr Peter Roberts, BNFL group director of engineering, said: "The restructuring will allow us to cope with the peaks and troughs of business demands." BNFL said it was seeking business internationally on engineering projects.

The company said the cuts would be achieved through natural wastage, non-renewal of fixed-term contracts and voluntary severance. In addition, an unspecified number of contract agency staff would be phased out.

The company said many of those affected were nearing retirement age, and that it was too soon to speculate about compulsory redundancies.

Mr Dai Hudd, national officer of the IPMS white-collar union, said: "We are bitterly disappointed that the company should need to cut so many jobs. It is not a company with its back to the wall."

The rundown of Sellafield construction will also result in about 5,000 job losses by spring 1993.

Spending on training 'to be cut by £170m'

By David Goodhart and Catherine Milton

SPENDING PLANS for the Department of Employment for the next three financial years, published yesterday, confirm that cuts in spending on training in real terms will be about £170m next year.

Overall spending for the department next year will rise nearly £0.5bn to £3.8bn for England and Wales.

The department will spend £2.7bn on training and vocational education and nearly £1bn on the Employment Service next year.

Mr Tony Blair, shadow employment secretary, said that in real terms Youth Training (YT) would be cut by £50m next year and Employment Training, for the adult unemployed, would be cut by £60m.

The department did not question those figures but said the reduction in YT budgets reflected reduced demand as a result of a slight increase to 61 per cent in the school stay-on rate for 16-year-olds next year.

The reduction in ET is the result of studies by the department which show that not all unemployed people require training.

The department and Labour also clashed over the interpretation of figures relating to the Employment Action programme, the emergency make-work scheme for the unemployed, which should provide 60,000 places in 1992-93 at a cost of £170m.

Mr Blair said the scheme was a dismal failure and had attracted only 8,200 people. The department said the figure at the end of January was 8,500, which represented a large rise on the figure of 5,130 at the end of December.

● The department confirmed yesterday that some jobs are likely to be cut as a result of the Styles review of the Employment Service, which employs nearly 50,000 people at Jobcentres and benefit offices. However, it described union fears of 1,000 job cuts as "speculation".

Electricity profits attacked by Labour

Juliet Sychrava

ELECTRICITY privatisation will mean at least an extra £800m in profits to the electricity generation and supply industry this year but give no real benefit to consumers, Mr Frank Dobson, shadow energy secretary, said yesterday.

In a letter to Mr John Wakeham, the energy secretary, Mr Dobson estimated the electricity industry would make £3.4bn profit this financial year, compared with £2.6bn last year and £1.4bn in the year to April 1988. He accused the government of failing to provide real competition or regulation.

Mr Wakeham said his department had no forecasts for the electricity industry's profits. "In any case, it is right that companies should be able to increase their profits as they become more efficient".

What really mattered, Mr Wakeham added, was that prices to consumers had fallen 2 per cent in the last 7 years, compared with a 22 per cent increase in five years under the last Labour government.

Mr Dobson has also accused Mr Wakeham of starting rumours that he was about to announce agreement by the electricity industry to buy 40m tonnes of coal from British Coal a year.

Both National Power and PowerGen denied they were close to a deal, saying that volumes had been discussed but not price.

The 12 regional electricity companies of England and Wales, which buy power from the generators and sell it to customers, said earlier this week Mr Wakeham had asked them to put pressure on the generators to agree an accord with British Coal. In the past he has insisted that any deal should be negotiated without government involvement.

A contract involving only 40m tonnes would mean substantial pit closures with only 14-15 required to remain open, Mr Dobson said. British Coal currently supplies generators with 65m tonnes.

Lancastrian rescue takeover

By David Barchard

LANCASTRIAN, a small, northern building society with 12 branches and £293m total assets, yesterday became the latest building society to surrender its independence after making a loss.

The society is to be taken over by Northern Rock, the 11th largest society with assets of £4.5bn, but the merger must first be approved by a general meeting of Lancastrian's investors.

The Building Societies Commission, the industry regulator, stepped in to organise a merger to protect investors under Section 33 of the 1986 Building Societies Act, after it became apparent that Lancastrian was going to make a loss of £1m this year as a result of losses on its £25m commercial lending book. It is understood to contain few bad debts.

Lancastrian reported a loss of £1.5m on its building society activities in 1990, but the group made an overall post-tax profit of £468,000. Its main problem is that its free capital ratios, at about 2.5 per cent, are well below the 4 per cent industry average.

Several societies were invited to submit proposals for the takeover. Northern Rock's main competitor is understood to have been Yorkshire. The takeover will enable Northern Rock to expand its branch network and customer base.

Other small societies are expected to disappear in next few months after declaring a loss in 1991.

Sunderland's civic boat comes in

By Chris Tighe

PERHAPS it did stop raining, just for a minute, as the mayor raised the flags and released 7,000 red and white balloons, marking Sunderland's ascent to city status yesterday.

Outside the civic centre the balloons drifted through the grey February sky, pursued by the energetic small citizens of Britain's newest city.

Inside, beside a table laden with civic teacups, the smiling mayor Mr David Thompson spoke of his delight that, 60 years after its first attempt, Sunderland had at last won such status. "Our fortunes began to change when Nissan came in," said Mr Thomson. "We were quite intent when we lost our shipyards that we wouldn't go down."

A total of 23 towns, from Armagh to Wolverhampton, competed to be named a city by the Queen to celebrate the 40th anniversary of her accession to the throne.

Sunderland, the 51st city in England and Wales, is one of 11 declared since 1900. The most recent was Derby in 1977 on the Queen's Silver Jubilee. It was also announced yesterday that the mayor of the city of Chester, and his successors, are to become lord mayors.

Sunderland, said Mr Thompson, had been "quietly confident" of winning the honour. That may surprise the council officials who, barely a fortnight ago, were privately doubting its chances. Perhaps they had been studying the form. William Hill, the bookmaker, had quoted Sunderland as ninth favourite at 14-1. Chelmsford had been favourite at 4-1, Brighton next at 7-1.

The Wearside town's keenness to win the title, which confers no money or additional powers, reflected its determination to enhance its image in the fight for new investment and employment.

Sunderland, which dates back to the seventh century, suffered a big blow to morale when its last shipyards closed three years ago, ending a 600-year-old industry. Now promoted as "the advanced manufacturing centre" of the north it has attracted £1bn of investment in a decade – notably the Nissan car plant – but still has high unemployment.

"Maybe being a city will bring more work," said Mr Stephen Martin, aged 19 and jobless, out shopping with his wife and baby daughter.

A few citizens – obviously reading the wrong script – bemoaned the litter and graffiti for lowering the civic tone. Others seemed split between delight at getting almost equal with Newcastle upon Tyne – which has city status and a lord mayor – and confusion that a place with no cathedral could be a city at all.

But Nina McDougall, aged 11, scurrying after balloons with her friends, had no doubts. "It'll mean more playgrounds. Sunderland's even better now it's a city."

Four defendants found guilty ● Six acquitted during year-long trial ● Case adds to controversy over prosecution of complex frauds

Convictions a jolt to City 'bad behaviour'

YESTERDAY'S convictions of *four of the defendants* in the Blue Arrow trial has sent the biggest shock through the City *since the Guinness scandal* erupted five years ago.

Then, the arrest of corporate financiers from two *of the* City's foremost houses – Morgan Grenfell and Cazenove – prompted a period of intense navel-gazing, as financiers and other professionals digested the case's implications: that advisers could be hauled into the dock alongside the companies they advised.

The turmoil at Morgan Grenfell after the Guinness scandal broke also brought home how the reputations of financial houses could be called into question. The upheavals at County NatWest and Phillips & Drew after the Blue Arrow scandal repeated the message.

Yesterday's verdicts, though, brought home a different message: City advisers can also be convicted.

Against the background of a growing belief in the City and legal worlds that complex financial wrongdoing is more a matter for expert regulators than the criminal law, that has come as a shock.

The belief that prosecutors would find it difficult to gain convictions of City advisers *had been strengthened in the* past week by the collapse of trials against three City defen*dants over the Guinness affair.*

The successful prosecutions of four of the individual defendants in the Blue Arrow case are unlikely to change the view in the City that complicated financial malpractice should not be tried in the courts. The financial watchdogs set up after the Financial Services Act – which came into effect after the offences in the Blue Arrow case – certainly think they provide the best apparatus for tackling such cases.

Mr John Young, *chief* executive of the Securities and Futures Authority, the regulator for London's securities markets, said of the Blue Arrow verdicts: "It just leaves me feeling that in cases of that sort – those to do with misleading markets, or *misusing* market information – you need a rapid regulatory approach with *quick action* which would hurt, including expulsion from the industry and penal fines. It would all be over in six months. That is better than a five-year trudge through the courts."

Long before yesterday's verdicts the financial scandals of the 1980s had had a marked effect on City practice.

Corporate financiers agree that specific procedures in rights issues are now far more tightly observed, while Blue Arrow underlined the importance of obtaining proper legal advice. It also brought home the need for greater management control in banks and securities houses.

Bankers remain reluctant to speak publicly about the changes that followed Blue Arrow. Two senior investment bankers in different firms agreed, however, that it undoubtedly illustrated the need to get full legal advice on disclosure obligations and tac*tics used to support clients.* Equally importantly, it highlighted the need for good man*agement in an area* where, they admitted, aggression had always to be kept under control.

Both agreed that in the excitement of a hostile bid, for example, it remained possible to be carried way and place the bank's money and reputation at risk.

Blue Arrow has also had more specific effects on practice in rights issues. Procedures surrounding the late acceptance of share applications in issues have tightened *considerably as a result.* Whereas flexibility used to be shown, and was considered to be in the interests of all concerned, deadlines for receiving acceptances are now adhered to far more rigidly.

One of the bankers also pointed to the organisational improvements in large houses *to prevent accidental* breaches of disclosure requirements. He said that five years ago such practice was somewhat shoddy.

Announcements to the market are now more carefully *worded. In the 1980s, according* to one broker, there was a general acceptance of the need for *an element of caveat emptor* to be applied to the reading of advisers' announcements. Now *there is increased concern* about the potential to mislead. Whether this has led to more information being given out to the markets is debatable.

The prosecution in the Blue Arrow case of a City solicitor – Mr Alan Keat of Travers Smith Braithwaite, an adviser to County – although unsuc*cessful has also* many lawyers feeling vulnerable and has prompted *some* to reassess their procedures.

At the heart of their concern is the possibility that merely by advising and acting for a client, a solicitor might be charged on the basis that he must have known everything *his client was doing. Pressure* on solicitors to take a more "pro-active" role in deals – operating increasingly as *house lawyers for their clients* and required to come up with solutions to enable a deal to *succeed – further underlines* this concern.

Mr John Grieves, head of corporate finance at Freshfields, said there was now an increased willingness to prosecute which must inevitably make solicitors more vigilant.

"Life is a lot more hazardous because there is a tendency to have a go at anyone who has been involved," he said.

His firm's principle of using two partners on *all* big transactions, particularly hostile bids, had been strengthened to avoid *leaving one partner* isolated.

The solicitor had been helped by a general change in attitude brought about by prosecutions such as Blue Arrow and Guinness and the regulatory structure set up after the Financial Services Act, *he said*.

The changes following Blue Arrow and Guinness have led *to big changes in practice.* City financiers and lawyers like to project these scandals as part of a different age, characteri*sing them as manifestations of* the over-heated bull market of the 1980s.

Yet City fraud persists – only its nature has changed. The Maxwell case provides the most *striking* evidence *that* the new regulatory system is not infallible, although some insiders claim that the extent of wrongdoing runs far wider.

A corporate finance lawyer with one large City practice, who refused to be named, said: "There are always things to lie and cheat about, only the cases change. I don't think the cycle of bad behaviour is the cycle of boom markets."

The problem now was the lack of information revealed to the market about the financial position some companies were in, he said. If one company failed to announce bad news and no action was taken, then another followed suit. The result: "Pretty soon, you're on that slippery slope again..."

Richard Waters
John Mason

Counting the cost of the scandal

THE Blue Arrow scandal has cost National Westminster Bank and UBS Phillips & Drew dearly.

County NatWest's parent now expects the affair to set it back at least £50m.Of that, £30m has been paid in compensation to misled investors.

"Quite a fine for one evening," reflected Mr Roger Flemington, *the NatWest deputy* chief executive.

By contrast, UBS Phillips & Drew offered shareholders £45m in compensation. The Swiss-owned firm has always tried to depict itself as the "junior partner" in the case, but its greater involvement in placing Blue Arrow shares *after the failed rights issue* left it more vulnerable to criticism from institutional investors.

The damage to their reputations in the markets was considerable.

NatWest commissioned extensive market research among both its corporate and individual customers, which found there had been little impact on the reputation of *the parent bank itself. Poten*tial clients of County, however, expressed second thoughts whether to choose its corporate finance department to act as adviser.

The depth of the scandal at one stage led the parent to consider closing County. Its recovery, largely under the chairmanship of Mr Howard MacDonald, did not happen overnight. Regaining the confidence of the Bank of England required reviewing the systems of checks and balances *in County. Restoring* confidence in the markets took longer.

***Looking back, some* in the parent bank regret not having kept the investment banking arm on a somewhat shorter rein. Mr Flemington admitted with hindsight that Blue Arrow pointed to a failing to integrate one sub-culture properly into the overall management structure.**

Within an organisation as large as NatWest, sub-cultures such as investment banking remain *distinctive. What* is important is to recognises this, whilst still blending them into the overall *structure, he* said.

The impact of Blue Arrow *on P&D was arguably less* than that on NatWest. Its name has not been linked as frequently with the affair as that of County. And although the firm went through its own upheaval at the end of the 1980s, it has recovered more quickly and more strongly.

The dangers of reputational risk have not been lost on the company. Mr Rudi Mueller, chairman of P&D said: "I am confident that our levels of compliance and systems of *control* are among the *highest* in the business, as you would expect of a bank with a triple-A rating."

John Mason and
Richard Waters

Mixed results for corporate Untouchables

THE COVER of an issue of the Serious Fraud Office's house magazine features a cartoon of Mrs Barbara Mills, its depart*ing director, as a pin-striped* Robocop.

This lampoon by her colleagues was their way of commenting on the high profile she had sought since taking up the post in September 1990.

That she projects herself as a sort of female Elliot Ness leading a team of corporate Untouchables is a popular observation in the City. In a week of mixed fortunes for prosecutions, with the conviction of Mr Peter Clowes almost eclipsed by the collapse of the Guinness Two case, and with four convictions in Blue Arrow, but six acquittals, it would appear that the SFO gun has in *some cases* been firing blanks.

The *strain* at its Elm Street offices was beginning to show, even before the Guinness Two jury was discharged and the case dropped. One staff member confided only three weeks ago: "We have so many people deployed on Maxwell and BCCI that we *would have difficulty coping if* another big fraud was to break."

Recognising the difficulties, the government lifted cash limits on the SFO last autumn to allow extra funding for the Maxwell and BCCI cases. The annual budget of £18m pales, however, when measured against the costs of some of its most prominent prosecutions. The Blue Arrow trial is *thought to have cost about* £35m. The defence costs alone would easily have dwarfed the *SFO budget for* a *year's* investigations.

Since its inception in 1988 the SFO has brought 73 trials, involving 158 defendants and achieving 109 convictions. The 69 per cent conviction rate is showing a small improvement on the 63 per cent rate in its last annual report. In comparison *London's Metropolitan* Police Fraud squad can claim a consistent conviction rate of about 95 per cent. The SFO does not disclose how many cases it has started and abandoned.

The figures also mask a disturbing number of high-profile cases that have failed to produce convictions. That Blue Arrow resulted in some convictions must have been a big relief for the SFO.

Critics of the SFO have pointed to the time-lag involved in cases such *as Blue* Arrow, that are built on the back of Department of Trade and Industry *investigations* that which themselves take years.

The *SFO* was *formed on the* recommendation of the Fraud Trials Committee under Lord Roskill. It now *consists of* 21 lawyers and 27 accountants working full-time with policemen and *accountants seconded* part-time for individual cases, and seeks to bring a multi-disciplinary *approach to* fraud cases.

Roskill recommended that police *officers* in fraud cases should be given powers of interview similar to those *available for* DTI inspectors, who can compel interviewees to give evidence that may later be used against them in a trial.

Instead the government left police interview powers within the Police and Criminal Evidence *Act and gave the civilian* members of the SFO powers under Section 2 of the Criminal *Justice Act 1987 to compel* answers to questioning and to seize documents.

The *crucial* difference between these powers and those of DTI investigators is that evidence collected in Section 2 interviews of suspects cannot generally be used against them, unless the evidence can be shown to be a clear lie. It has yet to happen, but it is only a matter of time before parts of a suspect's Section 2 interview are used to rebut evidence given in the witness box.

Section 2 notices are used mostly to enable people such *as bankers to* have a legal sanction to breach their professional duties of confidentiality and give evidence about clients who are under investigation.

AN OFFICER in the SFO said yesterday that the Blue Arrow result was being viewed as a success. The officer said: "It's a very good result and I think it justifies what we did in a case in which we attracted a lot of criticism. It's quite an important result, not just for us at this critical time, but as far as the perception of what is tolerable and not tolerable in the City."

This partly explains why SFO investigators tend to wait until they have *accumulated* a mass of evidence before *they approach* suspects for questioning.

It is not a hard and fast pol*icy and it has its detractors* in the SFO.

Mr Michael Chance, a former deputy director of the SFO and now a consultant at London solicitors Cameron Markby Hewitt, has defended the investigation system.

He said: "There can't be a particularly tight blueprint as to how to set about a fraud investigation because they aren't all the same.

"It's set out very clearly in guidance given to all members of the SFO that you keep you eye on the ball and right from the start, as soon as you possibly can, you identify the principal offences and the principal offenders. You don't go amassing mountains of stuff and then try and dig in your pile for evidence of offences. *That's* not a realistic way to go about it and that's not the way the *SFO goes about it*."

While the SFO is satisfied with the system of referral – it does not seek out its own investigations – it would like a closer liaison with regulators, and in some cases earlier discussions on the possible fraudulent implications of some regulatory cases.

It remains a *small organisa*tion with large responsibilities. Mr Chance argues that it is too *small at present.*

"It cannot adjust very comfortably to changing work*loads," he said.*

The current budget, which is projected to increase to about *£21m next year*, is supporting about 60 cases on the SFO's books at any one time.

Mrs Mills is unimpressed with the currently mooted argument that fraud can be handled by US-style civil actions where the burden of proof is lower. Her view is that it must remain under criminal law.

Mr Chance reinforced the argument. He said: "Would Peter Clowes have gone to prison for 10 years if he'd been dealt with by his regulator? He would have been fined. My own feeling is that if people engage in serious dishonesty to the detriment to the public the right course is a criminal prosecution."

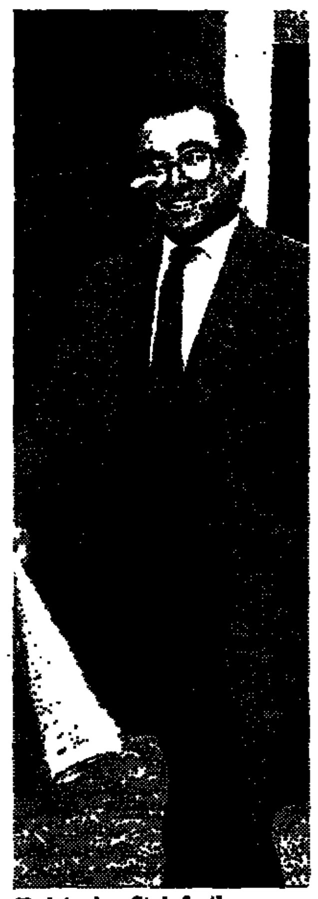
Richard Donkin


Jonathan Cohen


David Reed


Nicholas Wells


Martin Gibbs


Christopher Stainforth

The five men who spent a year and four days before the court

GUILTY:

Mr Jonathan Cohen, 48, was chief executive of County NatWest during the Blue Arrow affair and noted for his forceful manner. The rapid staff turnover under his leadership earned County a "revolving door" reputation.

Mr Cohen resigned from County in February 1988, mov*ing to Charterhouse, the* merchant banking arm of Royal Bank of Scotland, as vice-chairman. He resigned in August 1989 after the publication of the DTI report. In court yesterday his counsel revealed for the first time that this resignation had been prompted by the Bank of England.

Mr Cohen has since worked as a financial consultant on a freelance basis.

Mr David Reed, 44, was head of corporate finance at County throughout the deal but resigned after being criticised by the DTI report.

Mr Reed was noted for his forceful *style and willingness* to push the rules to the limit. At the time of the Blue Arrow deal he was *riding the crest of* a wave, having sewn up several deals and won a succession of clients.

He was a "home-grown" product of County, having joined the bank in the mid 1970s. He went straight into accountancy after leaving school and worked in Peat Marwick Mitchell's Sydney office before joining County.

Mr Nicholas Wells, 37, was the corporate finance director at County who organised the Blue Arrow rights issue. At the time he was tipped as a rising star in merchant banking. Young and pushy, but with a *quiet charm, Mr Wells* appeared the archetypal corporate financier of his generation.

After reading economics at Cambridge he trained as an accountant with Peat Marwick Mitchell. He went into corporate finance by joining Lazards in 1979, moving to County in 1982. He moved to Barclays de Zoette Wedd in early 1988 but resigned in July 1989 after being criticised by the *DTI* report. Mr Wells has since worked on a freelance basis for people such as Mr Michael Ashcroft, the ADT chairman.

Mr Martin Gibbs, 62, was *head of corporate finance* at UBS Phillips & Drew at the time of the issue, but was near *the end of his career.* After almost 20 years with P&D, he was looking forward to retirement, which he took in 1989.

Phlegmatic rather than aggressive, Mr Gibbs was seen as typifying the City's old-school style of working, rather than fitting the image of a brazen "Big Bang" operator. One trial witness said of him that "he wouldn't park on a double yellow line".

He joined P&D in 1959 as a junior analyst after three years as an accountant with Pannel Kerr Forster. He studied engineering and economics at Cambridge.

NOT GUILTY

Mr Christopher Stainforth, 38, was a corporate finance director at P&D helping organise the issue. He resigned from P&D after 10 years following criticisms in the DTI report.

Mr Stainforth trained as an accountant with Peat Marwick before moving into corporate finance with Schroders.

Since resigning from P&D, Mr Stainforth has been involved in the running of a number of companies.

He is now intending to *relaunch his career in the City.*

Record saga ends with shrugs and resigned smiles

THE BLUE ARROW courtroom, in a specially adapted modern office building in London's Chancery Lane, was tense when the jury of 11 men *and one woman returned at* 1pm yesterday on their fourth day of deliberation.

The convictions – all by unanimous verdicts – of four of the defendants were received with surprise by many in the courtroom. Lawyers had generally agreed that the tone of summing-up by the *judge, Mr Justice McKinnon,* had been favourable to all five defendants remaining on trial.

The four convicted men made no comment as they left the court, released on bail for the weekend. Shrugs and resigned smiles were the order of the day.

The convictions of the four men – from an original total of 10 defendants – can mark only a partial success for the Serious Fraud Office which brought the prosecution. Because of the length and cost of the trial, and the acquittal of three of the seven individual defendants and all three of the corporate defendants, the trial raises questions over the competence of the SFO and the legal system to handle such complex cases.

Blue Arrow was, after the first Guinness trial, the second high-profile "mega-trial" brought by the SFO. It lacked its predecessor's *ability to* grab headlines, but was much longer and more expensive, estimated at £35m. *Originally* expected to last a maximum of eight months, it expanded to a year, *putting the system of* trial by jury under exceptional stress. Few deny that the trial was anything but a troubled prosecution, as *the acquittal* rate and long periods spent by lawyers arguing in camera *indicate. Observers* point to two causes: the ambitious scale of the prosecution and the non-interventionist style of the judge, Mr Justice McKinnon.

Trials of this scale require judges of exceptional ability and reputation. Mr Justice McKinnon came to Blue Arrow with a relatively short record *as a judge. He was appointed a* High Court judge in 1988 and his experience was largely in civil, rather than criminal, cases.

As the trial progressed, he made a series of decisions which, because of their 11th-hour timing, surprised many at the Criminal Bar. But, among the Bar, there is general agreement that the prosecution, because of its insistence on maintaining such a cumbersome case, should take most of the blame for the difficulties.

The SFO took over the case in July 1989, soon after the publication of the Department of Trade and Industry report into the affair. The SFO was under pressure to bring the case to court quickly and the arrests of individual defendants were made in November 1989. Relying largely on evidence from the DTI report, it was decided that the appropriate charges were conspiracy to defraud along with more specific charges under the Prevention of Fraud (Investments) (PFI) Act.

Mr Nicholas Purnell QC, *then chairman of* the *Criminal* Bar Association, was put in charge of the prosecution. Previous high-profile prosecutions he had led included the Brinks-Matt bullion robbery. Under the direction of Mr Purnell the prosecution was ambitious, reflecting the SFO's determination that it should not shy away from tackling the biggest of fish.

THE COST of the Blue Arrow case is estimated at almost £35m, making it the most expensive trial yet, John Mason writes. The Guinness trial, the previous record-holder, cost about £10m. The only published figure for Blue Arrow has been the £2m disclosed by the Serious *Fraud Office, covering costs* of both investigation and prosecution. This figure *would not include the costs* of police attached to the SFO. Defence costs were easily the largest item, and lawyers connected with the case calculated that £30m would be a minimum figure. These bills were all met initially by the companies involved - National Westminster Bank, UBS Phillips & Drew and City solicitors Travers Smith Braithwaite. Following the corporate *acquittals, each is negotia*ting to have substantial refunds from public funds. *Court costs, including pay*ing for the judge, jury and administration, are estimated at a further £1m.

The prosecution saw the case as one of corporate fraud, allegedly carried out using the financial muscle and reputations of County NatWest and UBS Phillips & Drew Securities. In bringing charges against three companies, the SFO was sailing into largely uncharted waters. Proving corporate criminal liability is notoriously difficult.

From the outset, prosecution and judge disagreed over the scale of the trial. After the preparatory hearings, the indictment was reduced and the PFI charges dropped. Mr Justice McKinnon also ruled that the proceedings should be split into two trials.

The case still proved a legal juggernaut. Ten legal teams - totalling some 50 barristers and solicitors - filled the courtroom. The prosecution called 80 witnesses and lasted from February to the end of July last year. At its heart was a simple issue, the prosecution believed. The integrity of the London markets demanded that share dealings be transparent, with investors entitled to know price sensitive information that could affect their judgment.

By intervening in the market to buy large and secret holdings of shares in the Blue Arrow rights issue, the defendants, the prosecution claimed, rigged its outcome and maintained the company's share price at a false level.

In essence, the defendants' case was that they were only doing their jobs. They were acting as merchant bankers and stockbrokers should do - supporting their *clients. What* had surprised the markets was the extent of their intervention, but this had been a conse*quence of the greater financial* strength open to them following Big Bang.

The arguments quickly became complex. Under what circumstances could rights-issue deadlines be ignored? What precedents existed for financial advisers taking stakes in client companies? What should investors be entitled to know? It was not the stuff of classic courtroom dra*mas. The core issues only once* sparked angry exchanges – when Mr Purnell and Mr Jonathan Cohen clashed over the circumstances in which marketmakers could hold shares without disclosing them.

The *ennui* was not helped by the air conditioning, which pumped fumes from a nearby wine bar into the courtroom. The judge complained of the "oxygen-free" atmosphere. One defence team assembled its own weather station, monitoring temperature and humidity levels, which soared over the summer.

The drama in the trial came not from the issues of market practice, but from how the affair had been received within the National Westminster Bank and the Bank of England. Defending Mr Stephen Clark, a former County *NatWest* finance director, Mr Alun Jones QC alleged that Nat-West's top *management had* conspired with Bank officials to stop the scandal becoming public. *The accusations* were denied by all witnesses from NatWest and the Bank.

The first open signs of the prosecution running into trouble came in September, when Mr Justice McKinnon ruled that Mr *Clark* and Mr Alan Keat, the City solicitor who advised the merchant bank, should be acquitted because of insufficient evidence.

In December, the judge interrupted a closing speech by one defence counsel to make two rulings that set back the prosecution case. The allegation that senior executives within National Westminster Bank had been misled was thrown out and *evidence given by a* key prosecution witness disregarded.

At this point, the prosecution felt its case was still largely intact. It was in legal arguments at the end of the evidence, however, that the prosecution suffered its gravest setback. The judge directed that all three corporate defendants – County NatWest, NatWest Investment Bank and UBS Phillips & Drew Securities – should be acquitted. In what had been billed as a case of corporate fraud, *the companies* were free.

At the start of the judge's summing *up, the jury was then* told to strike out three quarters of the indictment. Such *evidence, the judge ruled,* was relevant, but nothing adverse to the defendants could be *drawn from it.*

Mr Justice McKinnon admitted the severe stress the system had been placed under. If the jury had felt overstretched, they were not alone, he told them. He too had found himself overwhelmed at times, he confessed.

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The wheel of fortune

A NERVOUS *frisson* passed through the City of London yesterday when news emerged of convictions in the Blue Arrow trial. It was not simply that the convictions were unexpected in the light of Mr Justice McKinnon's summing up and his decision to have most of the indictments struck out. This was the first time, in the spate of recent financial cases, where scandal penetrated to the heart of the banking and securities community.

While the judge had admittedly ordered the corporate defendants in the case to be acquitted, the four convicted individuals were former senior executives in subsidiaries of mainstream City institutions: National Westminster Bank and UBS Phillips & Drew. The same was not the case in the first Guinness trial, where three of those convicted, Mr Ernest Saunders, Mr Gerald Ronson and Sir Jack Lyons, came from outside the City, while the fourth, Mr Anthony Parnes, was remote from the City establishment.

Few in the City had even heard of Mr Peter Clowes, who on Monday was found guilty on 18 charges of theft and fraud, before the collapse of his £150m investment group. And unlike Mr Roger Seelig, late of Morgan Grenfell, who ended up defending himself in the second Guinness trial which collapsed earlier this week, the men from NatWest and UBS Phillips & Drew were not abandoned by their former employers. Their legal fees were underwritten.

At the end of it all, it is hard to escape the feeling that the wheels of justice have ground slowly, messily, expensively and indeed randomly in a financial community that is no longer ruled by the club ethic. Different defendants in the Guinness and Blue Arrow trials, for example, enjoyed wholly different degrees of legal support depending on their private means, a worrying inequity that calls to mind the words of the learned judge who remarked that the law in Britain is open to all, like the doors of the Ritz hotel.

Arbitrary compensation

The extent of compensation for the victims of recent crimes looks even more arbitrary. Those investors who voluntarily handed their spare cash to Mr Peter Clowes to invest in an off-shore tax haven have been baled out by the government because the Department of Trade and Industry behaved negligently in its handling of the affair. In contrast, the pensioners in the late Mr Robert Maxwell's empire, many of whom were obliged to contribute to the pension fund as a condition of employment, are being promised no compensation at all, despite the government's dismal and repeated failure to heed warnings about the vulnerability of such funds to both criminal and legally permitted forms of rape.

And there is, of course, no escape from randomness where the law operates in volatile markets. The Blue Arrow rights issue was overtaken by the 1987 stock market crash. If the crash had taken place in November rather than October, executives at County NatWest and UBS Phillips & Drew might never have found themselves in the dock.

Overhauled structures

Practitioners in the City in the 1980s were operating in a period of transition, as the nature of regulation and the structure of financial markets were simultaneously overhauled. They were as prone to swings of fortune as any Elizabethan courtier. It took the present raft of criminal trials to persuade them to minimise the risk by seeking legal advice at every step.

Yet there is another sense in which these trials have not been random. They are the inevitable coda that follows a period of monetary excess. Deregulation in banking, the removal of the old stock exchange cartel and the internationalisation of financial activity have contributed since the mid-1980s to an immense increase in competitive pressure, which in turn has increased the temptation to cut corners to preserve profits.

Against that background, it may appear arbitrary that a handful of individuals carry the can, when the leaders of the banking community made such grave errors of judgment, notably in throwing huge sums of money at Blue Arrow, Maxwell Communication Corporation and the rest. If there is a justification for such justice, it is that huge takeovers involve important decisions on matters of industrial structure and employment. In the absence of the club ethic, the rigour of the law must be implemented *pour encourager les autres*.

But the framework remains flawed. In retail financial services, recent legislation failed to put adequate obstacles in Mr Maxwell's way as he looted pensioners' money; it failed to prevent yet more complaints about Lloyd's of London, or to crack down on the sale at fat commissions of inappropriate insurance products. In predominantly wholesale markets the administrative processes of the law failed dismally, most notably in the Guinness trial. There has to be a better way.

Lionel Barber on the trials of Bill Clinton and the US Democrats

Casualty of Vietnam

Here we go again. An articulate, young(ish) Democratic presidential candidate promising new ideas and a new direction for America is on the brink of self-destruction.

All is not lost; but unless Governor Bill Clinton of Arkansas manages a reasonable showing in the New Hampshire primary election next Tuesday, he faces the prospect of a fall from grace no less stunning than the collapse of Senator Gary Hart's campaign in 1987.

Allegations of infidelity have hurt Mr Clinton, but they are less clear-cut than those which ruined Mr Hart, whose philandering was captured in a photograph of him with a pin-up girl aboard a boat, appropriately named Monkey Business. Far more damaging to Mr Clinton are the charges of draft-dodging during the Vietnam war, which now threaten to reawaken the conflicts which polarised the country more than 25 years ago.

In some ways, the furore mirrors the controversy that erupted in the 1988 presidential campaign after it emerged that then-Senator Dan Quayle had avoided combat duty in Vietnam by obtaining a much-coveted place in the Indiana National Guard. Then, as now, many Americans asked themselves whether anyone could run for president or vice-president who belonged to the Vietnam generation and sought, however briefly, to avoid military service.

Mr Todd Gitlin, a sociologist at the University of California, Berkeley, believes that the next two or three presidential campaigns will be haunted by these conflicts. "A whole generation of middle-class guys faced a moral anguish and resolved it in a variety of ways. I'm not so sure there were any clean outcomes, not with this sort of morality play."

Even some of Mr Clinton's supporters voiced concern about his character. Campaigning alongside the governor in Portsmouth, New Hampshire, last Tuesday, Mr Don Mitchell, a former local mayor, said: "It's not just Vietnam. It was the sex, the drugs, the mini-revolution we had in 1968. Anyone who steps up to run for president from this generation has this problem."

Just four weeks ago, Mr Clinton looked as if he had the nomination within his grasp. Influential US newspapers wrote gushing profiles about the bright young man who was ready to reform the 20-year-old liberal Democratic orthodoxy which has led the party to five defeats in the last six presidential elections.

Mr Clinton is not easily typecast. He talks about civil rights, such as the right of women to choose an abortion, but stresses responsibilities, too. He supports tighter work requirements for welfare recipients and sanctions against high-school drop-outs such as the withdrawal of a driving licence. He is without doubt the candidate who has thought most about the issues. He is blessed with boyish good looks and an infectious charm, without the brooding, loner instincts of Mr Hart.

Even the Democratic party establishment in Washington laid aside its doubts about his pedigree. Sensing that President Bush might be vulnerable in November, the elders embraced the outsider from the south who could appeal across liberal/conservative lines. In a word, he possessed "electability". This electability is now in grave doubt.

Mr Clinton's slide began when two New York City tabloids gave front-page treatment to old allegations about an extra-marital affair put forward by a cabaret singer in Little Rock, Ms Gennifer Flowers. These stories had been checked and dismissed by the Arkansas press, according to Mr Ernie Dumas, a columnist at the *Arkansas Gazette*.

At first, the mainstream US press was reluctant to run the adultery story, knowing that Mr Clinton had sought to inoculate himself by admitting publicly to unspecified marital difficulties.

More seriously, many in the media were wary of being accused of doing the Republicans' dirty work. Memories of the shallow 1988 campaign – when symbols such as pledging allegiance to the flag became more important than the future of the US economy – remain fresh.

Thus, when Mr Clinton's strategists urged reporters to stick to issues, many reporters were willing to accommodate them (even though the resulting coverage favoured Mr Clinton, who carries five-point plans in his hip pocket).

In the past fortnight, as the New Hampshire primary drew closer, all leading news organisations lost their squeamishness. This shift in mood stems partly from a realisation that the market in Clinton futures had skyrocketed in December and January, without any real press scrutiny of the product. More important was Mr Clinton's own inability to lay the rumours about his extra-marital conduct to rest just at the time when he became the media-crowned front-runner.

In an effort to salvage his campaign, Mr Clinton went on national television with his wife, Hillary, and admitted to "wrongdoing". But the confession raised more questions which the tabloid press eagerly followed.

Enter the Wall Street Journal. Ten days ago, the Journal reported that Mr Clinton, when a Rhodes scholar at Oxford, gained a place in the Reserve Officer Training Corps (ROTC) after pledging to attend the University of Arkansas Law School – a ruse which allowed him to defer military service for four years.

Again, the story was old, but there was a new twist: a disgruntled Arkansas reserve officer, now retired, supplied ABC News with a letter in which Mr Clinton expresses thanks for "saving me from the draft". He also acknowledges misleading the ROTC about his opposition to the war and his intention to serve in the programme.

Mr Clinton was forced to make public the whole letter, which makes poignant reading. Here is a 23-year-old, a gifted student, from a troubled, poor family, wrestling with his conscience. He is anxious to avoid any action which could harm his future political career ("I do not think our system of government is by definition corrupt") – a clear sign he wants to remain in the political mainstream.

Consumed by guilt about his efforts to evade military service, he ended up submitting himself to the draft. However tortured, this enabled him to argue that he was, in fact, willing to serve his country (he drew a high lottery number and was therefore not required to serve).

Mr Clinton's stand on Vietnam contrasts favourably with thousands of middle-class Americans who were content to let less privileged minority groups, notably black Americans, fight the Vietcong while they embarked on their professional careers. Others, such as Mr Quayle and Mr Dick Cheney, the defence secretary, secured deferments by dint of their college careers. Vietnam was indeed a class war.

Yet these subtleties may not be so easy to convey in a modern US presidential campaign, when television forces politicians to deliver their messages inside 15 seconds, and TV demeanour is often viewed as the most reliable gauge of personal trustworthiness.

Mr Clinton, nicknamed "Slick Willy" in his home state, may come across as just a little too smooth; the fact that he has admitted to personal mistakes on two significant issues – marriage and the Vietnam war – at this juncture in the campaign may cost him dear.

Senator Tom Harkin of Iowa pronounced, perhaps prematurely, that the Clinton candidacy was doomed. Senator Bob Kerrey, himself a Vietnam war hero who lost half a leg and ought to benefit from Mr Clinton's troubles, has vacillated, as so often in this campaign. "I do not want to re-open the wounds of Vietnam," he said.

Congressional Democrats such as Senator Lloyd Bentsen and Congressman Richard Gephardt are taking a second look at the risks of entering the race at this late stage. Governor Mario Cuomo of New York refuses to disown a "draft Cuomo" movement in New Hampshire aimed at showing that voters are unhappy with the current crop of candidates and want an outsider to enter the race.

Any late-entering Democrat faces huge obstacles. When the polls close in New Hampshire, primary filing deadlines will have passed for states that account for almost 60 per cent of the delegates who select the presidential nominee at the July Democratic Convention in New York.

Yet the party hungers for a winner. Mr Clinton's contribution to date has been to push the party in a direction in which it can recapture the middle class which deserted the Democrats in droves in the 1970s and 1980s. But he is still dispensable. "Remember," said a southern supporter on Capitol Hill: "It is the message, not the messenger, that matters."

A song and dance on CDs

Michael Skapinker explains the current debate over prices

The high price of compact discs ranks lower in the litany of British gripes than the weather or late trains. Nevertheless, the idea that the music companies are engaged in shameless profiteering at the expense of CD buyers is widely held.

Late last month aggrieved consumers received backing from a surprising quarter. Sir Malcolm Field, group managing director of retailer WH Smith, called on the music companies to provide a wider range of lower-priced CDs.

The appeal was timely. At the beginning of the year, WH Smith had announced that it would stop selling long-playing vinyl records. With music companies and retailers reducing the number of releases available on vinyl, consumers would welcome a reduction in compact disc prices.

Many compact discs sold in the UK are expensive, compared with both other musical formats and with prices in the US. The CD of Luciano Pavarotti's 1991 concert in London's Hyde Park sells for £12.99, compared with £8.49 for either the cassette or the LP. Mr Mark Kingston, spokesman for the International Federation of the Phonographic Industry (IFPI), which represents the music companies, says that the average full-priced CD sold for £11.98 in the UK last year. In the US, CDs sell for $12 or $13 (£6.60-£7.10).

> Music companies deny that CDs are expensive relative to manufacturing costs of £1 a disc

Sir Malcolm's appeal for lower prices, which came after his announcement of a difficult year for the group's music retailing business, elicited a frosty response from the music companies. "I didn't know what he was talking about," says Mr Rupert Perry, UK managing director of EMI Records. "They had a difficult year so they had to blame someone." Music companies such as EMI, Virgin and PolyGram say there has been a large increase in the number of CDs selling for £5-£7.

London's large record stores do sell CDs at a wide variety of prices. Some are undoubtedly expensive. At the HMV store on Oxford Street, pop group Queen's greatest hits are selling for £14.99. Leonard Bernstein conducting Beethoven's Ninth Symphony in newly united Berlin costs £14.29, as does the CD of Pavarotti, Placido Domingo and Jose Carreras performing in Rome during the 1990 World Cup.

On the other hand, Herbert von Karajan taking the Berlin Philharmonic through Beethoven's Fifth and Eighth Symphonies is on sale for just £7.99. With the Mozart bicentennial over, HMV has devoted an entire rack to the composer, with CDs at £2.49 each.

Mr Jeremy Silver, spokesman for the British Phonographic Industry (BPI), the IFPI's UK arm, says that 30 per cent of all CDs sold in the UK are priced at £9 or less. Mr Will Whitehorn, corporate affairs director at the Virgin Group, says his company's central London store is selling 35,000 medium-priced titles. Although WH Smith has a 50 per cent stake in Virgin's retailing operation, Mr Whitehorn claims to be mystified by Sir Malcolm's comments.

But there are still two anomalies that the music companies need to explain: that US retailers sell the same products so much more cheaply, and that the price of CDs seems high relative to production costs. Both charges elicit an angry response from music industry managers.

Mr Whitehorn says: "I bought myself a pair of jeans in the States for $34. Most products in the States sell for the same price in dollars as they do in pounds here."

He adds that one reason why compact discs are more expensive in the UK than in the US is that vinyl record sales have proved more durable in Britain, where CDs have had a more exclusive image. In the US, LP records have almost disappeared.

In any event, says Mr Whitehorn, "I do not believe CDs are expensive. When I was 17, in 1977, an LP cost between £4.50 and £5.50. In 1991, you can get a CD with more music and infinitely higher quality for £10.99 to £11.99."

The music companies deny, too, that CDs are expensive relative to manufacturing costs of about £1 a disc. They point to the cost of the recording, performer's and composer's royalties, packaging and its design, distribution and the expense of signing well-known artists. The IFPI put the total average production cost of a CD in 1990 at £6.34.

Mr Silver at BPI argues, moreover, that the idea of an average production cost is misleading. He says that the more stable classical music market is used to subsidise the higher-risk pop industry. "Companies have to balance their books by offsetting their high-risk product with sure-fire product."

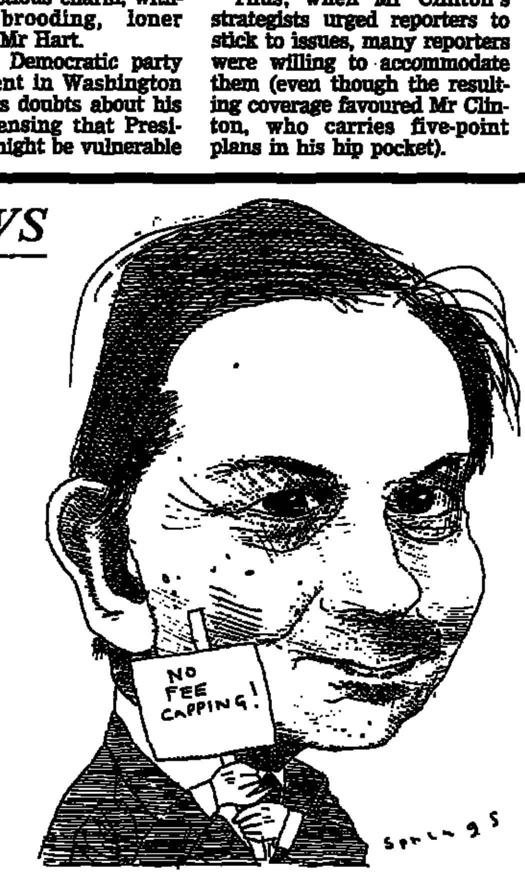
The strongest argument the music companies have is that the appropriate price of a CD is what consumers are prepared to pay. And, whatever the price, British consumers are buying them in increasing quantities. Last year, the number sold in the UK rose by 23.4 per cent to 62.8m. The cumulative increase over the past two years has been 50.6 per cent. Over the same period, the number of LPs sold fell by 66 per cent to 12.9m, in spite of their lower selling price.

MAN IN THE NEWS

Robert Winstanley

Solicitor with a pressing case to present

By Robert Rice



If you are driving along London's Westway in the dead of night and something black streaks past too fast for you to read Yamaha XJ900 on its side, the chances are that it is Mr Robert Winstanley, duty solicitor.

He will be on his way from his home in west London to help someone locked up in police cells across town.

For Mr Winstanley and many other legal aid lawyers like him, this week has been a watershed. On Wednesday more than 2,000 solicitors gathered at Central Hall, Westminster, to protest at the government's plans to introduce standard fees for criminal legal aid work in magistrates' court.

They came from all over England and Wales to try to explain to Lord Mackay, the Lord Chancellor, why his proposals had brought many of them to the brink of strike action – a course which would have been unthinkable to many in the profession just six months ago.

Coming on the heels of the collapse of the second Guinness trial and as the year-long Blue Arrow trial drew to a close, the angry meeting added to the growing feeling that Britain's criminal justice system was in crisis.

As chairman of the Law Society's remuneration and practice development committee, Mr Winstanley was instrumental in organising the protest. At first glance, it appears an unlikely role for the Cambridge-educated 43-year-old. Married with two children, he looks as though he would be more at home in the corporate finance department of a large City law firm than running a legal aid practice from a terraced house at the unfashionable end of the City Road.

There is no doubting his commitment to his colleagues, however. He is incensed by Lord Mackay's proposal to introduce fixed fees for criminal legal aid.

The Lord Chancellor, anxious to stem the inexorable rise in legal aid expenditure, wants to cap the fees paid to lawyers for criminal legal aid work to encourage them to be more efficient and provide better value for money.

Mr Winstanley says: "The Lord Chancellor says his proposal is not a cost-cutting measure and the profession won't lose out. But some cases you put less work into and get overpaid for. Others, where you have to put in a lot of work, you get underpaid for."

Mr Winstanley and his colleagues accept that there is no bottomless pit of money to pay legal aid solicitors. But they believe there is scope within the present system to cut waste. For example, a simple paper procedure for transferring cases from the magistrates' court to the Crown Court would save thousands of court appearances a year, he claims.

Clearly, legal aid solicitors would like to earn more. The government's offer of a 3 per cent increase in overall legal aid pay rates this year is "totally unacceptable", Mr Winstanley says. But did he approve of the barracking and hissing of Lord Mackay on Wednesday? It could have been worse, he replies. He feels uncomfortable about attacks on the man himself; it is the government they should be aimed at, he says.

Mr Winstanley welcomed the appointment of Lord Mackay, but his term in office has been rather disappointing, he says. "I suppose my real disappointment was the way he caved in over ending the barristers' monopoly on advocacy in the higher courts."

Despite his misgivings about Lord Mackay's proposal to introduce standard fees, Mr Winstanley does not favour strike action by withdrawing from the duty solicitor scheme. But he understands the feelings of those solicitors in Southampton who have taken industrial action, and those in Devon and Cornwall who have threatened to.

In defending their actions, he says that although solicitors have a professional duty to existing clients, they do not represent such clients when working under the duty solicitor scheme. Under the scheme, he argues, they perform more of a social service for someone who needs legal advice on a single occasion. These cases may never yield permanent clients.

To understand his own reservations about strike action, it is necessary to refer to the period before 1984 when the Police and Criminal Evidence Act which established duty solicitor schemes was introduced. "If it's your view, as it is mine, that it is desirable that people under arrest at police stations should have legal representation, then, morally, I don't see how you can call for solicitors to withdraw from that service," he says.

Before the act, Mr Winstanley says, and the introduction of tape-recording of interviews with suspects, there were several miscarriages of justice which resulted from suspects being what he calls "verballed" – having statements wrongly attributed to them by the police.

"But if Lord Mackay persists with his standard fees scheme and his proposed increase in legal aid pay, solicitors won't be able to stay in business," he maintains.

To the public, all this may look like solicitors' self interest and the issues may appear somewhat arcane. "Well, I'm not going to pretend to you that the issue has captured the imagination of the country at large," he says.

Mr Winstanley argues that it is not the lawyers who are the problem; it is the waste in the system. Look at the costs incurred in the second Guinness trial, he says, and the enormous cost of staging the year-long Blue Arrow trial. There has to be a way of narrowing down the issues in these trials.

"Someone has got to take these cases by the scruff of the neck and reduce the number of charges to bring the case within manageable limits. No fraud case, however complex, should take more than three months at the absolute outside, and I really think they ought to aim at two months. On that basis I would stick with jury trial for complex frauds."

He views it as ironic that part of the reason for the failure of the second Guinness trial was the strain put on the health of Mr Roger Seelig after he decided to represent himself. Mr Seelig's wealth meant he did not qualify for legal aid and yet he felt he could not afford to hire a lawyer, Mr Winstanley adds.

The court had the power to grant Mr Seelig legal aid, whether or not he applied for it. Mr Winstanley feels that, with the benefit of hindsight, it might have saved money to have granted him legal aid at the outset.

What next in the solicitors' campaign? The first priority will be a meeting, to be held within a fortnight, between Lord Mackay and the president of the Law Society, for whom Mr Winstanley will provide back-up. He says that after watching Lord Mackay's performance at Wednesday's meeting he is worried that the Lord Chancellor still has not grasped solicitors' concerns about criminal justice.

Gary Mead, Raymond Snoddy and **Alice Rawsthorn** look at off-piste financial problems at the Winter Olympics in Albertville

Piqued on the peaks

Cold war: commercial questions are causing off-piste problems at the Winter Olympics in Albertville

A momentous first week of the Winter Olympics in Albertville ends today: records have been set and buckets of tears shed. The Games used to be dogged by political imbroglios; now commercial questions are causing off-piste problems.

For the French the spectacle of a Winter Olympics on Gallic soil, or snow, has been greeted with characteristic panache. A *son et lumière* Olympics symbol is projected on the Paris skyline every night. Newspapers are packed with pictures of bob-hatted French contestants and reports of every medal win, no matter how obscure the event.

Whether citizens of the Savoie region, home of Albertville, will be quite so enthusiastic when they tot up the bill for hosting the event remains to be seen. "*Les jeux paieront les jeux*" ("The games will pay for the games") was the catchphrase of Mr Michel Barnier, the ambitious young conservative politican who dreamed up the idea, together with Mr Jean-Claude Killy, France's triple gold medalist from the Grenoble winter Olympics. The organisers were confident that they could meet the original FFr2.9bn bill through a combination of government subsidies, sponsorship and sales of television rights.

Unfortunately for Mr Barnier and his fellow Savoyards, the final tally will be closer to FFr3.9bn. More than FFr1bn has been spent on equipment, double the budgeted amount. The bobsleigh run alone cost FFr220m, rather than FFr130m.

At the same time less cash has rolled into the organisers' coffers than they hoped. The main problem has been the effect of exchange rate changes on the sale of television rights to the all-important US networks. The rights were sold in 1987, when there were FFr9 to the dollar. Now a dollar buys less than FFr5.5 and the organisers' insurance will not fully cover the shortfall.

Nobody will know the real cost of the Albertville Games until the accounts are published in May or June. But observers believe the Games are heading for a loss of FFr250m to FFr500m. The critical question is: who will pay? The Savoyards have already started muttering that whoever does stump up the extra cash, it will not be them.

The sponsors have already paid their share, and are too engrossed in their own business battles to pay much attention to the balance sheet of the Games as a whole.

The most hard-fought contest concerns the use of the Olympics in marketing campaigns. It has pitted the Visa credit card company and the International Olympic Commitee on one hand against American Express on the other. Visa, one of 12 official sponsors of both the winter and the summer games, is reported to have contributed some $20m of the total $170m sponsorship budget in *The Olympic Programme* (TOP) scheme. The scheme – set up by the International Olympic Committee at the 1988 games to amalgamate winter and summer sponsorship – is filled by such multinationals as Kodak, Matsushita, Coca-Cola and IBM.

Amex was the official card sponsor of the 1984 Los Angeles Olympics, but declined to support the 1988 games. Visa stepped into the breach in 1988 and exercised its first refusal rights to sponsor this year's Games. The company has conducted a clever advertising campaign in the US, proudly proclaiming that only *its* credit card is worth carrying in Albertville – and implying that the Amex card would not be welcome.

American Express has responded to this "comparative" advertising blitz with its own commercials, which contain numerous references to the Olympics, all of which fall short of claiming any official sponsorship role.

As a result, Mr Dick Pound, chairman of the IOC marketing commission, has vigorously attacked Amex for alleged "ambush marketing": he believes Amex is undermining Visa's position as lead sponsor of the Olympics without paying a cent to towards the estimated $800m cost of staging the Winter Games.

For its part, Amex argues that its advertising campaign is simply trying to redress Visa's alleged distortions. – the implication that Amex cards are not welcome in the Albertville region. Ms Deborah Botwood, head of Visa's European public affairs operation, says Visa "does not feel it is an Amex versus Visa issue, more an IOC and Amex affair; I wish we could forget all about this."

The IOC and American Express were, in fact, already embroiled in litigation before the Games even began. The committee recently sued Amex in France over alleged improper use of the Olympic symbol, the five interlinked rings. Last year an issue of Expressions, Amex's magazine for card-holders, ran an article about the Olympics, illustrated by Barcelona's summer games mascot, a cartoon dog called Cobi. Wherever Cobi goes, he carries with him the Olympic, five-ring symbol.

Amex claims it had permission from the Spanish Olympic Committee, the national organising body, to use Cobi, but on February 4, a French court ruled against Amex and in favour of the IOC. At the same time, the court ruled in favour of Amex, against the IOC, on a related matter. Amex is currently giving to customers in the Savoie region, home to Albertville, a guide to the Games, using caricatures of skiers, skaters and so forth, which the IOC claimed were similar to caricatures it is using on official literature. The court decided the IOC's claim was groundless. Half-time score: IOC 1, Amex 1.

Such litigation might seem to signify nothing more than a short-lived snowstorm on the slopes. But with the winter and summer Olympics combined now attracting something in the region of $1.84bn of total international sponsorship, it is easier to understand the sensitivity of all concerned. As Mr Pound put it: "When the only thing you have to sell are the aspirations of youth and five rings, then misappropriation of intellectual property becomes a very serious matter."

Several observers believe that, in the long term, legal disputes and public mud-slinging betwen sponsors may inflict serious damage to international sport. Mr Ian Muir, chairman of the UK's Institute of Sports Sponsorship and Coca-Cola's UK manager for external affairs, said: "If ambush marketing is allowed to continue then the major companies will look again at their sponsorship." Such sentiments help to explain Mr Pound's anxieties and the IOC's determination to seek legal redress against companies that seek to imply a closer connection with the Olympics than they actually have.

Any drop in sponsorship would also affect television advertising, since the biggest sponsors also tend to be the largest buyers of TV advertising space. According to Mr Pound, Albertville's TV ratings have been "extraordinarily good." CBS, the US network which has paid $243m for world coverage rights to the Winter Olympics, and is likely to spend another $100m in production costs, "will not lose money", he said.

In fact, CBS has been thrilled about its Albertville ratings. British-born network boss, Mr Howard Stringer, has been telephoning journalists to draw their attention to a 24 per cent audience share on the opening ceremony and a 33 per cent audience share on the dramatic mens downhill. Both figures were considerably ahead of rival network ABC's viewing figures for the Calgary Winter games in 1988.

CBS declines to comment on the pricing of its advertising. Overall the network is showing a total of 116 hours' coverage with the main events shown in prime time, recorded if necessary.

In the UK, with contestants destined to come in the lower 50s in the rankings, the Albertville Olympics have not exactly set the ratings alight. BBC figures are likely to show that it attracted between 6m and 7m viewers for the opening ceremony and slightly more than 4m for the men's downhill on BBC2 – up on Calgary, partly because the events are in European time. The Games should give BBC2 a brief respite in the ratings battle and take its audience share to about 13 per cent compared with the less than 9 per cent that it attracted the previous week.

As the second and final week of the Winter Olympics gets under way, there is only a short breathing space for television networks to finalise their coverage plans for the Summer's Olympics in Barcelona. And executives from the world's largest companies will no doubt be preparing for what could prove another gruelling sponsorship battle.

The week that was

Joe Rogaly on seven days that Tories would rather forget

This has been a ghastly week for the Conservatives. They have been obliged to abandon hopes of a recovery in the economy during the first half of this year. Ministers now accept that there will be few signs of an end to the recession before election day. Yet the game is not over; indeed it has hardly begun. Assuming an election on April 9, there are still nearly eight weeks of politicking to go. That gives the Tories time in which to press home their advantage as the party in government.

They will need to use the opportunity well.

On Thursday three successive items of depressing economic news fell like hammer-blows on Conservative morale. First, seasonally adjusted unemployment rose in January by 53,000, nearly twice the anticipated figure. It was the biggest monthly increase since August; the previous downward trend was reversed. The worst-affected areas seemed to be in marginal constituencies at present held by the government. Second, it was announced that some 75,000 homes had been repossessed by mortgage lenders last year. The number of householders in arrears with their mortgages is still climbing. Many of those affected are likely to be new entrants to the housing market, tempted by the government's promotion of home ownership during the second half of the 1980s, and most particularly by the Lawson binge of 1988.

The third piece of bad news was that manufacturers had cut their capital spending by 15 per cent compared with the previous 12 months. This was followed by yesterday's figures indicating that factory output fell by 1.2 per cent between the third and fourth quarters of last year, and 5 per cent over 1991 as a whole. The government now has to acknowledge that this is turning out to be the longest recession since the war. That is the economists' technical term. I would call it a depression.

As this seeps into the public consciousness it could, in theory, result in a melting away of support for the Conservative party. That could put Mr Neil Kinnock into 10 Downing Street, for while Labour might not pick up sufficient additional votes to win the election, the Tories could easily drop enough to lose their majority.

So much for the gloomy side of the Conservative story. There is, however, reason for the government to take heart. Average earnings for those in work – nine-tenths of the labour force – have increased by about 7¼ per cent. The retail price index rose by only 4.1 per cent in the year to January, principally as a result of the slump. The 3 per cent addition to real income is not uniformly spread but it will have had a positive effect on most voters' pockets. Mortgages whose rates are revised annually will have come down in January and February; historically such movements have always increased Conservative support.

More to the point, the government has it in its power to buy our votes, or try to. The general expectation is of a half-point cut in interest rates, probably around the time of the Budget. That could be followed by a tax-cutting bonanza, with a penny or two off the standard rate of income tax combined and an increase in the tax thresholds, the whole to be festooned with individual goodies for particular interest-groups.

A month ago such a Budget would have been described as a shameless piece of political chicanery, which would be correct. Four weeks from now a giveaway Budget would be defended by government supporters (and businessmen who fear Labour) as a reasonable relaxation of fiscal constraints at this time in the economic cycle. Another billion or four on the public sector borrowing requirement is easy to shrug off, if it saves high-earners from Labour's proposed 50 per cent rate of personal taxation.

This is not to say that Mr Norman Lamont, the chancellor, will necessarily live down to the worst expectations of him. His record to date suggests the opposite. His monetary and fiscal rectitude since he took office last November match the performance of the then Mr Roy Jenkins, who lost the 1970 election for Labour by staying virtuous to the very end. Anyway, the political advantage of an irresponsibly generous tax-cutting budget is not clear. Labour could spell out what it would do with the money saved by not making the income tax cut. Mr John Smith, the shadow chancellor, is preparing a shadow budget, whose effect as a counterblow is unpredictable. But then – you never know – the Tory manifesto might surprise everyone and actually offer some radical policies.

Meanwhile, we must await a decent run of opinion polls to see whether the political stalemate has been broken. If there is to be a Labour government with an overall working majority Mr Kinnock's party needs to start piling up significant opinion poll leads today, and hold them until polling day. There is no sign of a wave of enthusiasm for Labour of the magnitude required to give the party such a sustained lead. On the contrary, the biggest question of 1992 politics is why Labour is not 10 points ahead. The answer is partly that Mr John Major is more popular than Mr Kinnock, partly that the Tories are still the party most trusted to get the economy right, and partly that Labour has run a me-too campaign which has failed to gather momentum.

The polls will probably resettle at the break-even 40 per cent Tory, 40 per cent Labour, 15 per cent Liberal Democrat at which they have stood for the past couple of months. The most likely outcome of that is a hung parliament with the Conservatives the largest party. Then the game would really begin.

LETTERS

A management elephant trap

From Mr P A Davis.

Sir, Mr Akio Morita is better at making Walkmans (or should that be Walkmen?) than avoiding elephant traps ("Sony chief says accountants should not lead industry", February 7). The one he has fallen into concerns the different requirements for leadership and success in British and Japanese manufacturing companies. Britain's commercial history is different from his in Japan. The success of competing manufacturing industries within different cultures therefore rests on a number of different factors, such as training, long-term investment, planning, working practices, automation, age of infrastructure, philosophy of industrial life and, of course, the quality of those leading the business.

If those currently leading many of the most successful businesses in the UK are chartered accountants, this is surely attributable to the fact that, historically, chartered accountants were the only fully trained business professionals in this country. It has not been the practice of enough UK companies to train their engineers and technologists in the broader range of skills received to lead their companies, although there is evidence that that is now changing. Meanwhile, Bibby, British Steel, GKN, Glaxo, Racal and Arjo Wiggins Appleton are just a few of the major UK manufacturing businesses of world class with chartered accountants leading their boards.

P A Davis,
chairman,
Board for Chartered Accountants in Business,
Institute of Chartered Accountants,
Moorgate Place,
London EC2

Elderly would be bigger NHS burden if private health tax relief removed

From Mr Christopher Johnson.

Sir, Labour's announced intention to withdraw tax relief on private medical insurance for the elderly ("Cook seeks end to tax relief on private treatment", February 11) may well prove to be short-sighted and ill-advised.

The 600,000 persons estimated by the Treasury to be benefiting from the tax relief are already facing significant premium increases because of rapidly rising claims costs. If tax relief were withdrawn by a future Labour government, the elderly would face an immediate further substantial price increase of several hundred pounds. This could well be followed by additional increases because of the extra marketing and administration costs which insurers would be forced to carry in reversing the recent tax relief concession. Implementation of the tax relief has itself already cost medical insurers several million pounds.

The result of all this could easily be that many elderly people will no longer be able to afford medical insurance and will be forced once again to rely solely on the NHS for treatment. As well as lengthening the waiting list, this would result in a quite considerable extra financial burden on the NHS.

Medical insurers pay out more than £1bn a year in claims to all subscribers. Even if only some of the 600,000 elderly people who currently have tax relief were forced to cancel their cover, the extra cost to the NHS for treating them could dwarf the £50m "saved" revenue anticipated by Labour.

Christopher Johnson,
general manager,
strategic communications,
Private Patients Plan,
Tavistock House South,
Tavistock Square,
London WC1H 9LJ

Absence of nuclear levy focused attention on costs

From Mr James Hann.

Sir, In your article "Big power users fight electricity price rises" (February 4) you refer to "the element in their bills that goes towards the annual subsidy for the UK's nuclear generation sector".

The fact is that what you are describing only applies in England and Wales. In Scotland, we do not receive the "so-called" nuclear levy – an important distinction to make.

In this company we are trying very hard to reduce our cost base and last year's published results will indicate that our operating costs were lower than those of fossil fuel generators, PowerGen and National Power. Currently, we are engaged in significant negotiations with the government and British Nuclear Fuels to reduce the cost of our fuel cycle services – as you reported ("Scottish Nuclear to cut fuel reprocessing needs", February 11) – all in an attempt to reduce the cost of electricity generated by nuclear power.

It could even be said that the absence of the nuclear levy in this company has really focused our attention on the urgent need to reduce costs as soon as possible, and preferably before the 1994 review.

James Hann,
chairman,
Scottish Nuclear,
Minto Building,
6 Inverlair Avenue,
Glasgow G44 4AD

Pensions: resolving surpluses problem through RPI link and collateral question through the law

From Mr Alan Smallbone.

Sir, Mr Richard Malone (Letters, February 11) expresses concern about identifying the rights of schemes' members to surpluses, but the solution is simple: just link all pensions to the Retail Prices Index.

As Bacon and Woodrow stated in their pamphlet, "A fair deal for early leavers", in 1983: "... if inflation were eliminated, rendering increases to pensioners and deferred pensioners unnecessary, this would have the same effect on costs as the provision of increases to counteract inflation..."

Employers, confident that their workers will not understand the truths of actuarial maths, pretend that they cannot afford "more", pocketing the windfalls of inflation (in the form of contribution holidays and claims to surpluses), at staffs' expense.

Alan Smallbone,
30 Temple Fortune Lane,
London NW11 7UD

From H R Wynne-Griffith.

Sir, It would appear that the collateral used by Mr Maxwell in raising bank loans did not belong to him; it belonged to the trustees of the pension funds that have apparently been plundered.

It is appalling that the pensioners of those funds should suffer whereas the banks appear to have title to that collateral.

The law should be changed so that the onus is put upon the lender to satisfy himself that the collateral used on a loan does in fact belong to the borrower. Had such a law been in place much of the agony suffered by Maxwell pensioners would have been avoided.

H R Wynne-Griffith,
Barnett Waddington & Co,
11 Tufton Street, London SW1

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Customer service the key factor

From Mr Alan Burton.

Sir, British Rail's director of public affairs uses your columns to list the achievements of his organisation over recent years (Letters, February 13). There is a striking absence in this list of any mention of tangible achievement in the area of customer service. This is, of course, because, by any objective measure, service has fallen substantially. Until BR understands that success in this area is the most important measure, it should desist from blowing its own trumpet.

All the customer seeks is satisfaction in the three basic areas of cleanliness, comfort and – most important – reliability.

Alan Burton,
1 Wealden View,
Burwash,
Sussex TN19 7BW

Women, child care and a tax anomaly

From Ms Maureen Gore.

Sir, Mrs Johnson's letter (February 13) regarding work (or the lack of it) for women over 40 misses the point. Better childcare provision now will ensure that more of the managers of the future are women, who are less likely than their male counterparts to discriminate against older women. It is in the interests of everyone to ensure that education and training are not wasted in women – whatever their age!

Maureen Gore,
5 Elms Farm Road,
Hornchurch, Essex RM12 5RH

From Ms Fiona Johnson.

Sir, As evidenced by your series of articles on nursery provision in the UK, it is clear that the current level of provision is inadequate to meet the needs of potential women returners and employers who wish to take advantage of their skills. Local authority nurseries have limited capacity, while the expense and scarcity of private provision precludes many families from using these facilities.

The answer must be a more lenient taxation regime. Currently employers are required to play an active role in the management of nurseries in order for the relevant employees to qualify for tax relief. The majority of businesses are situated in urban areas where it is unrealistic to operate workplace nurseries; the number of employees benefiting from this measure is minimal and small and medium sized enterprises are particularly disadvantaged. The introduction of tax-free benefits in kind for employees for whom provision is bought by the employer from a third-party provider is a necessary step to encourage the establishment of adequate facilities.

There are a number of Chambers of Commerce, and potentially many more, which operate nursery facilities on behalf of employers in their membership. Employees using these facilities are not eligible for tax relief. This anomaly must be removed.

Fiona Johnson,
policy executive,
Association of British Chambers of Commerce,
9 Tufton Street,
London SW1P 3QB

UK COMPANY NEWS

BP shares fall on worries over future dividends

By David Lascelles, Resources Editor

SHARES IN British Petroleum, one of the UK's leading stocks, plunged early yesterday in a belated reaction to the previous day's poor 1991 results. Although they recovered later in the day, they closed close to their lowest point in more than a year.

At the worst moment the shares were trading at 253p, a fall of 19p. The closing price was 268p, down 6p. Turnover was an exceptionally heavy 61m shares.

The fall was triggered by a breakfast meeting which Mr Robert Horton, the chairman, held with stock analysts to brief them on the results. While the meeting did not yield any fresh information, analysts said that Mr Horton failed to provide any guarantees that BP's dividend might not be cut at some future date.

BP has maintained a staunch policy in the past of rewarding shareholders with a steady increase in real terms. But on Thursday it left its final quarter dividend unchanged, giving shareholders an overall increase for the year of 4.7 per cent, barely more than the 4.5 per cent rate of inflation. The company said it was "an appropriate moment to pause for breath".

Mr Paul Spedding, oil analyst with Kleinwort Benson, said the meeting "was looking for reassurance on the dividend and didn't get as much as it had hoped for." The results had also driven home to analysts that external factors had become more important for BP's performance than before.

Although he did not believe that BP would cut its dividend, it was now possible to construct a scenario where the dividend was under threat.

BP's shares began to recover in the middle of yesterday thanks to some buying from US institutional investors. But traders said that UK holders were still selling.

Some analysts said they expected BP's shares to lose more ground before they recovered. The fall was reflected in other oil stocks yesterday, including Shell, which closed at 467p, down 11p.

The sell-off came despite the fact that many analysts found BP's results slightly better than they had expected. The company reported a fourth quarter profit on a replacement basis of £72m, down from £456m in the previous year's final quarter. This gave it a full-year result of £1.04bn, down from £1.2bn. Mr Horton blamed the result on the recession, while stressing that BP had taken steps to ensure that it could live with a weak oil price.

Clegg relatives bought Parkway shares before bid from Wace

By Bronwen Maddox

FOUR RELATIVES of Mr John Clegg, the former chief executive of Wace Group, bought 122,000 shares in Parkway Group in the three months before Wace bid for the printing services company, its main rival.

The discovery of share deals in the name of Clegg caused "consternation" at Barclays de Zoete Wedd, Wace's stockbroker, when it was handling the acquisition in August and September 1990, according to one observer of the deal.

However BZW completed the transaction after written assurances from Mr Clegg that he was unaware of these investments.

Using the Parkway share register of July 26 1990 (four days before the bid for Parkway was announced), BZW was aware only of holdings of 75,000 shares in the names of a number of Cleggs when it asked Mr Clegg for this assurance.

However, by August 13 the share register – which takes between two and four weeks to incorporate share dealings – showed a further 47,000 shares in Clegg names.

The Parkway share price, which had ranged between 20p and 26p in May 1990, had slumped to about 18p in June and to a low of 14p at the end of July amid worries about the company's indebtedness.

However, it then doubled on August 1 when Wace made its bid of 28p cash per share.

Mr John Clegg resigned suddenly as Wace's chief executive three weeks ago following allegations that the company had links with the IRA.

Both Mr Clegg and the company denied the allegations, and investigations by several security forces found no evidence.

During the security forces' investigation into Wace's finances, the insider dealing unit of the London Stock Exchange looked into share dealing in the Parkway takeover, but it found no evidence of misconduct.

In recent weeks Wace has held a wide-ranging internal inquiry, and has uncovered "potentially unlawful dealings" in Parkway shares ahead of the acquisition.

However it made clear yesterday that this referred to "significant" new evidence discovered recently, which has been passed to the Department of Trade and Industry.

At the time of the Parkway deal Mr Clegg gave BZW and Wace Group written confirmation that the Cleggs who had suddenly bought into Parkway around the time of the bid on August 1 1990 were not close relatives.

He added that he had no influence on their investment decisions, and that he had not contacted them for a long time.

The register showed that the four relatives all lived in Sheffield, Mr Clegg's home town. Three were listed under the same address.

For example, Mr David Richard Clegg registered 20,000 shares, then worth about £3,000, on July 23 1990, seven days before Wace's bid for Parkway was announced.

From baseball hats to antiques – Maxwell's goods are sold

By Raymond Snoddy

THE MAX factor which drove the price of Robert Maxwell's shares down during his life finally began to work in reverse yesterday.

The notoriety of his name drew eight sets of television cameras and a crowd that would not have shamed Oxford United to Sotheby's yesterday for the sale of 'The Complete Contents of the Chairman's Apartment at Maxwell House'. But it also drove up the price of rather mundane objects as those seeking Maxwell ikons and mementos engaged in brisk bidding.

Some of the briskest was for lot 285, a collection of hats, comprising three baseball hats, one inscribed MCC and another GUVNOR, together with two trilby hats, a tweed and some coat hangers.

"Someone's being sold a pup there. The best hats are already gone. Those were just a few left over," said a former Maxwell employee sardonically. Lot 285 sold for £1,100.

There was considerable interest in the Maxwell office desk, chair and filing box. The modern black leather filing box with a brass plaque engraved CHAIRMAN had an estimated value of between £80 and £100. It fetched £1,300.

The chairman's desk went for £1,200 and his perfectly ordinary black leather and chrome chair – though obviously strong – shot through its estimated price of between £100 and £200 to bring in another £2,000 for the administrators, Price Waterhouse.

Robert Maxwell's very large double bed didn't seem to attract the same degree of interest. Mr Leslie Weller, the auctioneer, had to stoop to £500 to get things moving. It raised £1,400, only £200 more than 'A Large Sofa'.

The grander items, antiques bought in to give the Maxwell apartment a bit of class, sold well. The top prices were paid for the mahogany three-pillar Maxwell Regency dining table and a pair of George IV silver wine coolers, each of which fetched £20,000.

Southeby's add 10 per cent commission on all prices. The total raised from Maxwell's official London possessions was £472,472, including commission – still ahead of the £400,000 estimate.

M&G sets up largest investment trust issue

By Philip Coggan, Personal Finance Editor

M&G, the fund management group, is launching what is likely to be the largest investment trust new issue ever.

Up to 995m package units in the Recovery investment trust are on offer at 100p each – although M&G does not expect to raise anything like as much as £1bn.

The offer has been set at a level which ensures that it will be enough to meet applications.

The trust will follow the same investment philosophy as M&G's Recovery unit trust, which has a very good long term record, but has failed to beat the returns available from a building society over the past five years.

The recovery philosophy does badly in recessions but M&G says it provides opportunities to buy shares cheaply which will subsequently perform well when the economy grows once more.

Like many other recent investment trust issues, the trust is linked to a Personal Equity Plan (PEP) and is timed so that applicants can place a full £6,000 of shares into PEPs for each of the 1991-92 and 1992-93 tax years. The incentive to use next year's PEP allowance may have been reduced, however, by the Labour party's statement this week that it will not abolish PEPs.

M&G has mounted an intense marketing campaign for the new trust, including television adverts, after the flotation of the Income Investment Trust last year raised £246m.

The trust has a split capital structure, with three classes of shares. Zero dividend preference shares will pay no income but will have first claim on the trust's assets when it is wound up in 2002.

The planned redemption value of the zeroes will be 150p, but that will require a 5.01 per cent per annum growth in the assets of the trust.

Income shares will be entitled to all the income of the trust but will have a guaranteed repayment value of 0.1p per share. They will also be entitled to the revenue reserves (if any) when the trust is wound up. The forecast gross dividend is 5p per share.

The capital shares will be entitled to the assets of the trust after the zeroes and the income shares have been repaid. The initial net asset value per capital share will be 50.9p.

There will also be a geared ordinary unit, comprising one income and one capital unit.

The individual classes of shares and the geared unit can only be purchased through a tender offer via financial intermediaries.

Through an offer for subscription, individuals can buy a packaged unit of all three shares at 100p.

The tender offer closes on March 20 and the offer for subscription closes on March 27. Dealings are expected to start on April 3.

For comment, see Serious Money, Weekend page II

White heir is promised the crown

Roland Rudd on David Clarke, eventual head of Hanson in the US

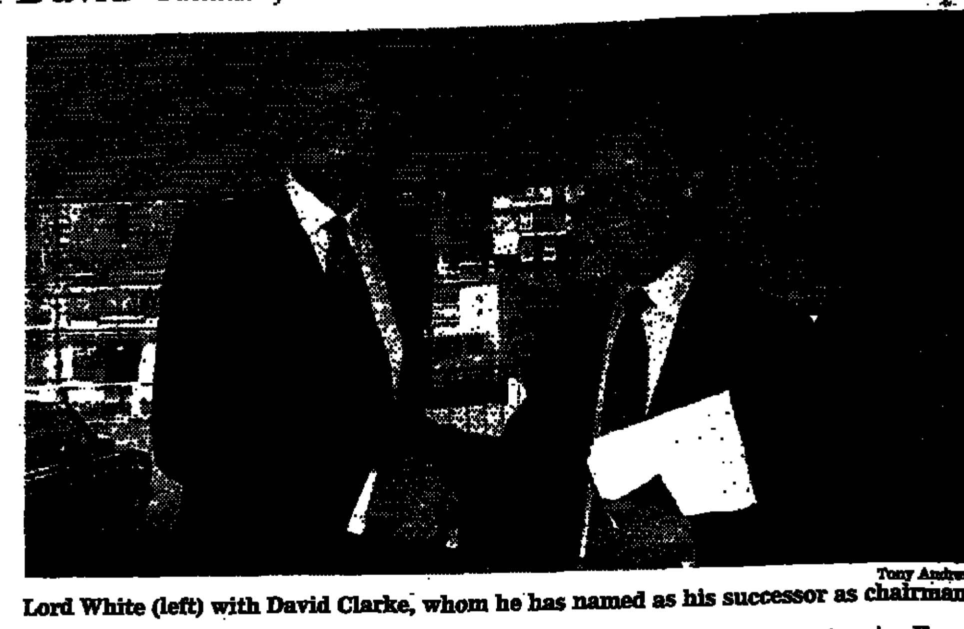
MR DAVID Clarke, the 50-year-old president of Hanson Industries in the US, yesterday named by Lord White as his eventual successor to the executive chairmanship, said he would never forget the first time the two met.

On a freezing winter's day 18 years ago Mr Clarke, backed up by a small army of lawyers and advisers, waited in a New York office to meet the man who wanted to buy his family business, Seacoast Products, for $32m. Mr Gordon White, as he was then, entered the meeting alone but with a terrible cold. He immediately took him outside for a face-to-face meeting and bluntly asked: "David, are you sure this company is worth $32m?"

Mr Clarke believed it was. That was enough for Mr White, who bought the company. Lord White, now aged 69, yesterday said he liked Mr Clarke because he reacted well to his direct business approach. Mr Clarke, who had only worked for his family business since he left New York state's Hobart College in 1964, had given it to him straight, so he hired him as his deputy.

In 1975, Hanson Industries, which still only consisted of Seacoast, a manufacturer of fish oil, experienced its worst crisis. The price of fish oil crashed. Mr Clarke remembers warning Lord White that operating profits were about to slump from $17m to $7m. It was then that Lord White decided that he would focus more on acquisitions, while Mr Clarke would focus on running the business.

By the following year Lord White had acquired Carisbrook Industries and Hygrade Food Products, while Mr Clarke squeezed $3m of costs out of Seacoast, and then Hanson Industries began its unbroken record of increased yearly profits. In 1978 Mr Clarke was appointed president of Hanson Industries, a post he has held ever since.



Tony Andrews

Lord White (left) with David Clarke, whom he has named as his successor as chairman

One of Hanson's advisers, who has known the two men for more than a decade, says: "Gordon and David have built up an extraordinary relationship. David looks to Gordon almost as a father, certainly for his inspiration, while Gordon increasingly relies on David as he begins to take over more of the day-to-day running of the US businesses."

Mr Clarke says that Lord White asked him to create in the US the "mirror image" of the UK side of Hanson. To that end Mr Clarke built up a loyal team at the centre who would descend on the companies that Lord White had acquired and turn them round by cutting costs and rationalising the businesses.

While Mr Clarke is fulsome in his praise of Lord White, describing him as "the greatest motivator of people", he yesterday made it clear that, as executive chairman of Hanson Industries, he would be different from Lord White. Mr Clarke believes that profit increases in the 1990s will be dependent on organic growth, instead of relying solely on acquisitions.

"This is the first year since 1975 that we are looking through a gun barrel," he says. "If people are saying that Hanson needs another mega-bid to grow, they are looking it at the wrong way. Commentators should start to look at Hanson as an operating business. I would guess that the main bulk of our profits this year will come from the running of our own businesses, such as Cavenham Forests, Peabody Coal and Beazer."

Mr Clarke was quick to add that he was not saying Hanson was shifting from acquisition growth to organic growth. "If there's a mega-deal out there that is reasonably priced we should probably go for it. But it would be a mistake to say that we have to do a deal."

To maximise profits from existing businesses Mr Clarke has earmarked about $300m (£165.7m) for capital expenditure, about $50 more than last year. He is also considering what he calls bolt-on acquisitions to existing companies.

If there is a lesson to be learned from the group's decision to take a 2.8 per cent stake in ICI, Mr Clarke says Hanson should be more open about its "excellent" corporate governance. "We have a director who has put on weight recently. Lord Hanson warned me at lunch today that he [the director] was putting too much salt on his meal. That is corporate governance at its best".

Clarke revelation a lower priority for analysts

MANY STOCKBROKERS' analysts left the meeting without taking in the significance of Lord White's identification of Mr Clarke as his successor, write Charles Leadbeater and Norma Cohen.

The implications of Hanson's decision to pay its dividend quarterly, the prospects for acquisitions in continental Europe and the impact of the Beazer acquisition upon the group's balance sheet were of much more immediate concern. Overall, investors said the company had acquitted reasonably professionally.

The off-the-cuff announcement of Mr Clarke's position as heir apparent will probably have little bearing upon Hanson's share price in itself, although some fund managers said it reflected poorly on the way the long-planned presentation was conducted.

One fund manager explained: "We were a bit stunned to hear Lord White's announcement. At first we thought he meant the person who was succeeding him as the next speaker."

Mr Charles Pick, from Nomura, commented: "It is helpful to some extent to know who it is, but it is only half the riddle solved."

The problem is that the disclosure of the identity of Lord White's successor leaves Mr Clarke looking like a lame duck, while also increasing pressure upon Lord Hanson to name the person who will eventually take over as the chairman of the group as a whole.

Most investors and analysts remarked that Lord White seemed more subdued and less fit than Lord Hanson.

Godfrey Bradman resigns from Rosehaugh board

By Vanessa Houlder, Property Correspondent

MR GODFREY Bradman yesterday resigned from the board of Rosehaugh, which he built into one of the UK's best-known property development companies before it plunged into severe financial difficulties at the end of the 1980s.

Mr Bradman's resignation has been expected since he announced plans to step down from chairman to vice-chairman last December.

At the same time, Rosehaugh announced pre-tax losses of £227m for the year to end-June and said it had breached its covenants.

The company has extended its standstill agreement with its banks and is trying to renegotiate a medium-term facility, the directors said.

Mr Bradman will receive slightly less than his annual salary of £100,000 as a severance payment.

Mr Bradman said that following the appointment of Leonard Kingshott as chairman and the reorganisation of the board and various divisions of the group, he believed it was no longer necessary for him to continue as vice chairman and a member of the board.

He said he wished the board well in guiding the company "in what will hopefully be a new chapter in its history."

Mr Bradman is continuing as a director of London Regeneration Consortium, which is planning a development at King's Cross.

He will also be available to advise Rosehaugh on other matters.

Rumours fuel share rise as banks support WPP

By Richard Gourlay

SHARES of WPP, the world's largest advertising agency, jumped 25p to close at 83p yesterday after a meeting between the troubled company and its bankers produced "no surprises".

The stock has doubled from 42p a week ago. Support has come from heavy US buying and rumours about positive developoments for WPP.

WPP and auditors from Price Waterhouse are understood to have presented the group's 1992 budget yesterday to its bankers. The company did not request additional funds from the banks which last January refinanced $1bn of debt. Bankers said, however, that WPP could require another $75m either in April or in the autumn.

The main rumour during the week was that Interpublic, the US agency, was looking at Ogilvy & Mather, the agency which Mr Martin Sorrell, WPP's chairman, bought in 1989. Interpublic denied any knowledge of such interest.

A further rumour that bankers had sewn up a $200m financing package was also denied, and a story that Mr Ross Perot, the Texan billionaire, would back WPP, was also believed to lack any basis in fact.

Bankers at the meetings said WPP had performed well enough since its restructuring last January not to have breached its new covenants, an achievement one banker said, was "not a common occurrence in restructurings."

The banks were being supportive and while WPP had not done particularly well it was "hanging in there" while waiting for an upturn.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
‡	F.P.	–	75	61	Capital Industries 1p	61		–	–	–	–
100	F.P.	–	104	99	Exeter Prfd. Capital	103		F0.6	–	0.8	–
–	F.P.	–	38	23	Fleming Japanese Wrrnts	36½	–½	–	–	–	–
£10⅝	F.P.	–	£11⅞	£10⅝	Latin Am Inc & Appr. 1c	£11⅞		–	–	–	–
–	F.P.	–	10	4	Multitrust Warrants	10		–	–	–	–
–	F.P.	–	104	102	Riv & Merc Tst Inc12 1/2p	104		N9.2	–	11.8	–
–	F.P.	–	121¼	117	Do Stpd Prf 12 1/2p	121½	–½	N5.6	–	6.1	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price £	+ or -
10p	F.P.	-	10p	8p	Bettie Mining 10pc (Net) Cv Prf 1994	10p	
100	F.P.	-	107½	98½	Camborne Inds. 10½pc Rd. Deb. 2001	105½	
34.71	F.P.	-	35¼	35¼	Exeter Prfd. Capital Zero Deb. 2002	35¼	
100p	F.P.	-	106p	100p	Fidelity Euro. Values Equity Ln 2001	106p	
105	F.P.	-	110	98	Greencore 9.5% Cov Un Ln Stk 1995	110	+5
310p	150p	-	279p	187p	Inchcape Non-Int. Bearing Cv Un Ln	279p	+4
100p	F.P.	-	105¼p	99¼p	NatWest Bank 9pc Prf Series A	100¼x	+¼

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+ or -
330	Nil	10/3	83pm	45pm	BM Group 10p	66pm	
205	Nil	30/3	38pm	34pm	BTP 10p	34pm	
60	Nil	16/3	82pm	7pm	‡Clarke Foods	73pm	+3
39	Nil	20/3	1½pm	1pm	Drummond	1pm	
350	Nil	–	54pm	53pm	Waxnoughs	53pm	
185	Nil	11/3	74pm	59pm	Whessoe	60pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Feb. 17
- Last Dealings Feb. 28
- Last Declarations May 28
- For settlement June 8

3-month call rate indications are shown on page 9.

Calls in AMEC, Brent Walker Pref., City Centre Restaurants, Clayform Props., Conroy Petrlm., B. Elliott, Greycoat, Walter Lawrence, Securiguard, Scottish Heritable, Trafalgar House and Wembley. Puts in Clayform Props., How, Ivernia West and Ladbroke. Puts and calls in Conroy Petrlm. and BTR Warrants '93/94.

Chelsfield rekindles interest in the City

Vanessa Houlder looks over the mystery property group's finances

MR ELLIOTT Bernerd, head of the private Chelsfield group, is one of the best-known deal makers in the property industry.

But since April 1990, when Chelsfield teamed up with P&O to buy Laing Properties for £492m, he has been out of the public eye.

Not for much longer, perhaps. Mr Bernerd says that he is poised to do a deal that "will give us an important critical mass to move forward".

At the same time, the City's interest in Chelsfield's finances has been rekindled. P&O's share price dropped on Wednesday on rumours that its joint venture with the company was in difficulties.

Separately on Wednesday, the High Court gave Chelsfield 28 days to pay an outstanding sum of £2.9m, which should have been paid last October.

The dispute concerns Bishops Move Group, a removal company that owns a 40,000 sq ft warehouse near Victoria. It says that Chelsfield had defaulted on its £3.6m purchase of the property, agreed in December 1990.

Mr Bernerd said Chelsfield had not paid the money because it was pursuing legal action against the vendors concerning assurances allegedly given about the property. However, this is hotly denied by Bishops Move Group.

P&O's share price fell after it emerged that Chelsfield was attempting to raise £150m, in what the market assumed was an effort to shore up its balance sheet.

However, Mr Bernerd later said the funds were required to fund the demerger of Pall Mall, Chelsfield's joint venture with P&O that acquired the Laing portfolio.

The fund-raising was not, in itself, surprising. The demerger of Pall Mall had been been expected for over six months.

But the plans for Pall Mall, its structure and the relationship between P&O and Chelsfield still cause considerable confusion in the City.

"Chelsfield has remained a complete mystery to people," says one analyst who researches P&O.

It is perhaps an exaggeration to say that nothing is known about Mr Elliott Bernerd, who has an almost legendary reputation in the property industry.

He started as an estate agent, joining forces in the early 1970s with Town & City, which was later merged with Sir Jeffrey Sterling's company. In the 1980s, he developed Stockley Park, built up and sold his estate agency to Morgan Grenfell, and set up Chelsfield, which masterminded some high profile deals, such as the acquisition of the Wentworth golf club in 1989.

But, like all private companies, financial details about Chelsfield are scarce. In the year to July 1990, the company made a pre-tax profit of £22.3m, down from £23.1m a year earlier. Its net assets at that date were £35.3m, down from £55.5m. Its gearing was 138 per cent.

How far the picture has deteriorated is unclear. Even though Chelsfield has no development properties, its rental income does not cover its interest costs.

One factor in its favour is that it has no City offices – the worst performing sector in the market.

Pall Mall's position is also unclear. Even though P&O and Chelsfield bought Laing at a 20 per cent discount to its net asset value many analysts thought they overpaid. That disquiet has intensified as property values in the UK, the US and Canada have plummeted.

Analysts are concerned because Pall Mall is a highly-geared vehicle. Their back-of-the-envelope calculations suggest that Pall Mall has debt of some £800m (£300m of which was injected at the time of the takeover) and assets which were worth roughly £1bn at the time of the takeover.

Undoubtedly, those assets have fallen steeply in value. P&O and Chelsfield wrote them down by 20 per cent to their acquisition cost six months of acquiring them. If they have fallen further, they may wipe out the £150m of equity in the company and some of the debt.

The debt that would be affected is probably the £300m loan from Lloyds Bank that funded the takeover. This was a "non-recourse" loan, meaning that the bank would have no claim over the parent company if the loan turned sour.

Mr Bernerd is clear that Chelsfield would have no compunction about walking away from the Pall Mall debt if it could not be paid. However, he emphasises that there is "absolutely no risk at all" that this will happen.

Far from fretting about the ability to repay Lloyds, Mr Bernerd describes the demerger of Pall Mall as "a prelude to a major move." He explains that the delay in dismantling Pall Mall was due to tax complexities, "heavy dialogue" about how the portfolio should be split and the need to raise funds.

Mr Bernerd says his efforts to raise £150m should be successful in a matter of weeks. He is less forthcoming about how he expects to raise the remainder of the £250m that he has agreed to inject into Pall Mall to acquire his share of the Laing portfolio. He hints, however, that it is part of a larger deal.

Mr Bernerd claims to be sanguine about his acquisition of Laing.

But its long-term success cannot yet be judged as its depends, he implies, on his plans for a major corporate move. "Watch this space," he says.

Headlam in £5.4m floor coverings buy from Hickson

In the latest in a string of moves going back over 5 months, Headlam, the footwear and fabrics group, is proposing to buy three businesses – HFD (South) – from Hickson Flooring Distributors, part of Hickson International, the Yorkshire-based chemicals group, for £5.36m cash.

To fund the acquisition, Headlam is placing up to 11.6m new ordinary shares on a 7-for-6 basis at 58p each to raise £6.1m net. The price represents a 2.5 per cent discount to Thursday's closing price.

Since September Headlam has been in discussions with Hickson with a view to buying the latter's UK floor coverings interests and indeed assumed responsibility for the day-to-day management of HFD. Terms could not be agreed for the whole of HFD, but in January Headlam bought two floor covering distribution businesses – in Stockport and Newcastle-upon-Tyne and called HFD (North) – for £742,000 cash.

Mr Graham Waldron, Headlam chairman, said that his group had considerable experience of the floor coverings distribution industry – he himself had been involved for nearly 30 years – and that to confine the group's core distribution activities to the gradually shrinking UK footwear manufacturing market would weaken the group's performance and financial position.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 15.02.92: Pool purchase price £/MWh	Final Prices for Trading on 13.01.92: Pool purchase price £/MWh	Final Prices for Trading on 13.01.92: Pool selling price £/MWh
0030	17.09	17.17	17.17
0100	18.28	21.51	23.67
0130	20.32	24.94	27.20
0200	20.32	24.94	27.17
0230	17.46	24.94	27.15
0300	17.19	19.16	21.23
0330	17.10	19.16	21.24
0400	17.08	19.16	21.23
0430	17.05	17.17	17.17
0500	17.04	17.16	17.16
0530	17.03	17.11	17.11
0600	17.03	17.13	17.13
0630	17.03	17.13	17.13
0700	17.04	17.11	17.11
0730	17.04	17.14	17.14
0800	17.04	17.16	17.16
0830	17.05	17.18	17.18
0900	17.08	17.24	18.27
0930	17.10	17.64	19.80
1000	17.11	18.30	20.37
1030	17.11	18.30	20.37
1100	18.32	18.30	20.37
1130	18.32	18.30	20.38
1200	17.11	18.30	20.38
1230	17.10	18.30	20.38
1300	17.08	17.64	19.68
1330	17.06	17.64	19.68
1400	17.05	17.17	17.17
1430	17.04	17.14	17.14
1500	17.04	17.11	17.11
1530	17.04	17.11	17.11
1600	17.03	17.16	17.18
1630	17.05	17.18	17.18
1700	17.10	24.84	27.08
1730	27.00	24.84	27.07
1800	27.00	24.84	27.07
1830	27.00	24.84	27.05
1900	21.79	20.73	22.84
1930	19.09	20.73	22.84
2000	18.81	19.15	21.25
2030	18.81	18.01	20.08
2100	17.08	17.84	19.66
2130	17.05	17.84	19.66
2200	17.04	17.84	19.66
2230	17.04	17.14	17.14
2300	17.04	17.13	17.13
2330	17.03	17.08	17.08
2400	17.04	17.18	17.18

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £19.88/MWh becomes 1.988p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

ECONOMIC DIARY

TODAY: The *main opposition* party in the former Soviet republic Moldova, the Popular *Moldova* Front, holds party congress in Kishinyov, likely to focus *on issue of reunifying* Moldova with Romania (until February 16).
TOMORROW: National Savings results (January). *Summit in Tehran of Economic Co-operation* Organisation (ECO) of Iran, Pakistan and Turkey, which have agreed to admit three former Soviet *Moslem republics* Azerbaijan, Turkmenistan and Uzbekistan (until February 17). *Mr Leon Brittan,* European Community vice-president, visits Tokyo (until February 21). Congo's constitutional referendum.
MONDAY: CBI survey of distributive trades (January). European Community *foreign ministers meet in* Lisbon to discuse European political co-operation. Financial Times holds conferences "Cable Television and Satellite Broadcasting" and "London Motor Conference" in London.
TUESDAY: UK acquisitions *and mergers (fourth quarter).* Public sector borrowing requirement (January). New Hampshire primary election to select party presidential candidates, the first in the US for the 1992 election. Institute of Directors makes statement on *small firms in the UK* economy. South Korean delegation crosses the border village of Panmunjom to attend the sixth inter-Korean premiers' talks *(until February 21).*
WEDNESDAY: Manufactuers and distributors stocks (fourth quarter-provisional). Retail sales (January-provisional). US consumer price index (January); housing starts (January); and real earnings (January). Financial Times conference "Television of Tomorrow" in London.
THURSDAY: Major British banking groups' monthly *statement (January). Provisional* estimates of monetary aggregates (January). Gross domestic product (fourth quarter-preliminary estimate). US *jobless claims; merchandise* trade (December).
FRIDAY: CBI monthly trends enquiry (February). European Community holds informal *meeting of its environment* ministers in Estoril (until February 22).

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Friday February 14 1992: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Feb 13 Index No.	Wed Feb 12 Index No.	Tue Feb 11 Index No.	Year ago (approx) Index No.	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (178)	775.70	.....	8.73	6.18	14.65	0.61	775.40	777.04	781.41	791.68	890.04 15/3 /91	675.31 16/1 /91	1038.07 16/7 /87	50.71 13/12/74
2 Building Materials (23)	952.26	+0.7	7.25	6.52	18.67	0.44	945.80	944.30	940.86	1091.47	1167.75 14/3 /91	820.50 23/12/91	1381.08 16/7 /87	44.27 11/12/74
3 Contracting, Construction (28)	885.59	+0.6	8.99	8.28	16.04	0.00	880.74	877.94	884.18	1207.85	1438.66 15/3 /91	822.60 23/12/91	1951.50 16/7 /87	71.48 2 /12/74
4 Electricals (7)	2426.18	-0.6	10.18	6.18	12.36	1.47	2440.59	2445.12	2454.89	2155.96	2675.48 1 /10/91	1837.98 22/1 /91	3040.80 8 /9 /89	84.71 25/6 /62
5 Electronics (26)	1759.81	-0.7	10.43	4.87	12.14	1.26	1771.77	1764.71	1781.99	1720.92	1958.19 15/3 /91	1478.08 16/1 /91	2308.22 19/5 /89	1229.01 8 /10/85
6 Engineering-Aerospace (8)	313.50	-0.3	17.03	8.29	7.14	0.77	314.40	316.62	321.17	406.85	469.23 9 /4 /91	313.50 14/2 /92	502.42 13/6 /90	313.50 14/2 /92
7 Engineering-General (43)	482.04	-0.1	9.81	5.12	12.58	1.21	482.39	482.10	484.46	393.86	503.16 2 /10/91	339.57 23/1 /91	505.10 15/6 /90	339.57 23/1 /91
8 Metals and Metal Forming (10)	324.70	-1.0	2.15	10.69	–	0.00	328.07	328.99	328.12	441.41	509.18 3 /4 /91	286.87 20/12/91	596.67 9 /10/87	49.65 6 /1 /75
9 Motors (14)	304.27	+0.4	8.35	7.78	15.92	0.00	302.98	303.27	303.65	316.96	371.25 6 /9 /91	266.43 16/1 /91	411.42 13/10/87	19.91 6 /1 /75
10 Other Industrial Materials (19)	1566.38	+0.1	7.68	5.23	15.49	0.69	1564.34	1578.09	1593.55	1396.48	1695.01 2 /9 /91	1147.76 16/1 /91	1881.53 18/8 /89	277.55 15/1 /81
21 CONSUMER GROUP (188)	1650.21	-0.1	6.99	3.34	17.60	2.27	1651.50	1648.98	1655.11	1315.76	1670.88 31/1 /92	1188.45 16/1 /91	1670.88 31/1 /92	61.41 13/12/74
22 Brewers and Distillers (23)	2063.91	+0.2	7.80	3.44	15.46	7.92	2060.09	2059.31	2062.43	1663.17	2099.97 31/1 /92	1478.24 25/1 /91	2099.97 31/1 /92	69.47 13/12/74
25 Food Manufacturing (18)	1253.59	-0.2	8.60	4.05	14.37	2.11	1255.57	1256.53	1258.24	1115.08	1264.51 4 /2 /92	1013.60 16/1 /91	1264.51 4 /2 /92	59.67 11/12/74
26 Food Retailing (17)	2536.88	+0.2	8.70	3.27	14.93	0.39	2533.04	2539.23	2541.50	2467.62	2854.91 2 /5 /91	2231.21 22/11/91	2854.91 2 /5 /91	54.25 11/12/74
27 Health and Household (24)	4426.21	-0.3	5.13	2.21	22.35	0.88	4440.04	4416.88	4455.93	2828.92	4654.94 14/1 /92	2454.93 16/1 /91	4654.94 14/1 /92	175.38 28/5 /80
29 Hotels and Leisure (23)	1281.67	-0.2	7.32	5.25	17.01	1.02	1283.90	1283.18	1277.64	1241.09	1405.62 2 /9 /91	1066.91 25/1 /91	1845.77 8 /9 /89	54.83 9 /1 /75
30 Media (24)	1504.68	+0.6	6.50	3.63	19.36	1.22	1495.25	1488.65	1492.50	1289.11	1565.67 20/9 /91	1166.91 16/1 /91	1565.67 20/9 /91	1166.91 16/1 /91
31 Packaging, Paper & Printing (17)	729.23	-2.1	7.26	4.55	16.70	0.22	744.73	753.74	754.66	583.02	788.41 9 /9 /91	486.96 16/1 /91	788.41 9 /9 /91	43.46 6 /1 /75
34 Stores (32)	1036.33	+0.1	7.12	3.48	18.60	1.89	1035.49	1032.38	1038.19	837.43	1042.47 8 /11/91	766.89 29/1 /91	1160.58 29/7 /87	52.63 6 /1 /75
35 Textiles (10)	618.33	-0.2	7.43	5.00	17.18	0.53	619.79	623.65	623.14	453.86	652.30 1 /11/91	396.58 28/1 /91	914.52 2 /10/87	62.66 11/12/74
40 OTHER GROUPS (116)	1208.44	-0.2	9.98	5.48	12.64	6.34	1210.91	1210.88	1213.61	1103.78	1330.48 2 /10/91	961.05 16/1 /91	1330.48 2 /10/91	58.63 6 /1 /75
41 Business Services (16)	1376.91	+0.5	7.28	4.77	17.46	0.07	1370.18	1366.51	1372.63	984.71	1451.74 16/1 /92	892.28 1 /2 /91	1451.74 16/1 /92	892.28 1 /2 /91
42 Chemicals (21)	1477.35	-0.6	6.79	4.96	18.21	0.44	1486.75	1493.58	1487.20	1179.34	1520.52 2 /9 /91	1004.01 16/1 /91	1545.46 5 /10/87	71.20 1 /12/74
43 Conglomerates (11)	1257.16	+0.6	11.52	8.05	10.57	3.11	1249.23	1260.22	1263.88	1429.97	1626.42 14/3 /91	1203.24 23/12/91	1819.46 11/8 /89	975.19 10/11/87
44 Transport (14)	2360.73	-1.0	5.38	4.79	24.56	2.46	2383.71	2390.58	2395.74	2000.94	2448.16 17/1 /92	1730.87 23/1 /91	2554.69 12/7 /89	90.80 29/6 /62
45 Electricity (16)	1190.52	-0.2	15.23	6.24	8.54	17.21	1193.02	1203.25	1205.44	1147.72	1286.51 2 /10/91	994.96 7 /1 /91	1286.51 2 /10/91	994.96 7 /1 /91
46 Telephone Networks (4)	1397.79	-0.9	11.23	4.49	11.63	15.96	1409.95	1396.79	1397.12	1239.53	1658.67 2 /10/91	1085.95 16/1 /91	1658.67 2 /10/91	517.92 30/11/84
47 Water (10)	2423.06	+0.5	17.60	6.56	6.26	0.00	2411.01	2404.52	2400.40	2472.05	2539.85 6 /9 /91	2134.83 16/1 /91	2539.85 6 /9 /91	1820.20 1 /5 /90
48 Miscellaneous (24)	1827.59	+0.8	5.61	5.34	24.38	0.95	1812.46	1807.69	1834.92	1750.55	2033.42 15/8 /91	1506.17 16/1 /91	2087.06 11/7 /89	60.39 6 /1 /75
49 INDUSTRIAL GROUP (482)	1288.90	-0.1	8.22	4.49	15.22	3.17	1290.14	1289.59	1294.23	1124.06	1326.09 6 /9 /91	991.97 16/1 /91	1326.09 6 /9 /91	59.01 13/12/74
51 Oil & Gas (18)	2060.26	-1.6	12.42	6.81	10.66	8.11	2093.70	2115.87	2133.19	2229.11	2509.42 23/7 /91	2060.26 14/2 /92	2528.70 3 /8 /90	87.23 29/5 /62
59 500 SHARE INDEX (500)	1360.53	-0.3	8.66	4.74	14.56	3.56	1364.05	1365.08	1370.68	1217.33	1424.90 2 /9 /91	1092.04 16/1 /91	1424.90 2 /9 /91	63.49 13/12/74
61 FINANCIAL GROUP (87)	708.43	-0.7	–	6.56	–	0.71	713.48	711.14	717.95	766.00	859.94 15/3 /91	667.36 16/1 /91	896.67 13/10/87	56.88 13/12/74
62 Banks (9)	860.88	-1.0	4.46	6.17	45.64	1.59	869.83	866.32	877.90	821.96	990.15 6 /9 /91	695.08 15/1 /91	990.15 6 /9 /91	62.44 12/12/74
65 Insurance (Life) (6)	1392.14	-0.7	–	6.14	–	0.00	1402.29	1391.36	1398.85	1369.26	1632.53 4 /9 /91	1220.74 16/1 /91	1632.53 4 /9 /91	44.88 2 /1 /75
66 Insurance (Composite) (7)	475.17	-0.4	–	9.18	–	0.00	477.16	474.31	476.45	674.83	728.27 15/3 /91	462.25 23/12/91	768.11 29/12/89	43.96 13/12/74
67 Insurance (Brokers) (10)	965.84	+0.2	8.01	6.92	16.43	1.80	963.94	968.47	971.09	1059.47	1202.38 5 /4 /91	932.88 23/1 /91	1399.56 17/7 /87	65.86 16/12/74
68 Merchant Banks (7)	476.28	-0.4	–	4.50	–	0.00	478.01	474.43	474.32	381.23	498.05 15/11/91	327.70 16/1 /91	547.59 12/10/87	31.21 7 /1 /75
69 Property (33)	759.97	-0.5	7.57	5.97	18.08	0.44	763.57	765.66	776.67	1013.97	1087.65 15/3 /91	759.97 14/2 /92	1398.87 5 /9 /89	56.01 20/4 /65
70 Other Financial (14)	243.58	-0.4	8.17	7.34	16.16	0.00	244.66	245.16	245.47	262.66	298.63 15/3 /91	225.10 23/12/91	603.48 16/7 /87	33.29 17/12/74
71 Investment Trusts (68)	1173.67	-1.0	–	3.72	–	2.02	1185.13	1183.69	1185.80	1084.04	1261.80 6 /9 /91	947.19 16/1 /91	1323.81 4 /1 /90	71.12 13/12/74
99 ALL-SHARE INDEX (654)	1205.56	-0.3	–	4.92	–	2.90	1209.53	1209.82	1215.47	1106.06	1284.07 6 /9 /91	987.46 16/1 /91	1284.07 6 /9 /91	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Feb 13	Feb 12	Feb 11	Feb 10	Feb 7	Year ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2513.9	-8.7	2518.1	2500.6	2522.6	2523.7	2537.1	2538.4	2517.2	2296.9	2679.6 2 /9 /91	2054.8 16/1 /91	2679.6 2 /9 /91	986.9 23/7 /84

FIXED INTEREST

PRICE INDICES	Fri Feb 14	Day's change %	Thu Feb 13	Accrued interest	xd adj. 1992 to date
British Government					
1 Up to 5 years (26)	122.20	-0.02	122.63	1.81	1.65
2 5-15 years (26)	136.88	-0.29	137.28	2.04	2.17
3 Over 15 years (8)	148.03	-0.45	148.71	2.83	0.36
4 Irredeemables (6)	163.87	-0.77	165.14	3.13	0.00
5 All stocks (66)	134.78	-0.22	135.23	2.07	1.83
Index-Linked					
6 Up to 5 years (2)	168.98	+0.05	168.89	0.02	1.37
7 Over 5 years (9)	149.65	-0.30	150.10	0.74	0.63
8 All stocks (11)	151.18	-0.25	151.56	0.64	0.72
9 Debs & Loans (62)	119.30	-0.12	119.44	3.22	0.46

AVERAGE GROSS REDEMPTION YIELDS		Fri Feb 14	Thu Feb 13	Year ago (approx.)	1991/92 High	1991/92 Low
British Government						
1 Low	5 years	8.64	8.57	9.35	10.14 16/1 /91	8.42 12/11/91
2 Coupons	15 years	9.19	9.12	9.51	10.24 2 /1 /91	9.12 13/2 /92
3 (0%-7¾%)	20 years	9.19	9.12	9.63	10.26 2 /1 /91	9.12 13/2 /92
4 Medium	5 years	9.43	9.37	10.12	11.15 2 /1 /91	9.37 13/2 /92
5 Coupons	15 years	9.26	9.20	9.89	10.62 2 /1 /91	9.20 13/2 /92
6 (8%-10¾%)	20 years	9.22	9.16	9.80	10.50 2 /1 /91	9.15 5 /2 /92
7 High	5 years	9.67	9.60	10.28	11.25 2 /1 /91	9.60 13/2 /92
8 Coupons	15 years	9.36	9.29	10.04	10.80 2 /1 /91	9.29 5 /2 /92
9 (11%-)	20 years	9.29	9.22	9.91	10.67 2 /1 /91	9.21 5 /2 /92
10 Irredeemables	†	9.39	9.31	9.88	10.46 2 /1 /91	9.31 13/2 /92
Index-Linked						
11 Inflation rate 5%	Up to 5yrs.	3.66	3.78	3.73	4.48 15/7 /91	3.59 18/1 /91
12 Inflation rate 5%	Over 5 yrs.	4.27	4.28	4.10	4.45 31/12/91	4.09 18/2 /91
13 Inflation rate 10%	Up to 5 yrs.	2.95	3.17	2.23	3.60 9 /7 /91	2.13 21/2 /91
14 Inflation rate 10%	Over 5 yrs.	4.08	4.11	3.90	4.27 31/12/91	3.90 12/4 /91
15 Debs &	5 years	10.83	10.84	11.98	12.63 9 /1 /91	10.77 12/2 /92
16 Loans	15 years	10.63	10.61	11.72	12.38 18/1 /91	10.59 12/2 /92
17	25 years	10.47	10.45	11.48	12.16 18/1 /91	10.45 13/2 /92

‡Opening index 2510.7; 9 am 2510.7; 10 am 2512.3; 11 am 2503.0; Noon 2510.5; 1 pm 2509.1; 2 pm 2511.3; 2.30 pm 2512.5; 3 pm 2509.2; 4.10 pm 2513.2; (a) 9.36am (b) 10.43am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-702 0991.

LONDON TRADED OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allid Lyons	600	42½	57½	72½	14	27	33½
(*620)	650	19	31½	47½	37½	53½	58½
ASDA	34	6	–	–	2	–	–
(*39)	40	–	5½	6½	–	6¼	7
Brit. Airways	240	24	31	36	5½	12½	17
(*254)	260	13	19	26	14½	22½	25½
SmKl Beecham A	900	65	91½	115	18	30½	39½
(*937)	950	37½	64½	87½	38½	51½	60½
Boots	420	43	48	58	4	9½	11½
(*452)	460	13½	23½	35½	15½	23½	27½
B.P.	260	13¾	19½	23½	9	15	18½
(*267)	280	5¼	10¼	14	21½	26½	29½
British Steel	70	6	8	11	2¼	5¼	5¼
(*74)	80	2¼	4¼	7½	8	10	11
Bass	525	28	39	52½	12½	21	24½
(*531)	550	16½	26½	40½	27½	34½	35½
C & Wire	550	50	63	77	8	17	22
(*582)	600	21	35	50½	29	38½	44½
Courtaulds	500	32½	43½	56½	10½	22½	27½
(*515)	550	9½	20½	33½	38½	49½	54½
Com. Union	420	21	30½	34½	15½	19½	26
(*435)	460	5	13½	20	42½	45½	52½
Fisons	360	34	47½	60½	11½	19	24
(*382)	390	19	32	44½	27	34	38
GKN	300	22	27	31	10½	15½	20½
(*319)	330	7	14½	18½	28	32	38
Grand Met.	900	63½	91½	102	13	21½	30½
(*937)	950	34	61½	79½	32½	42½	52½
I.C.I.	1250	41½	77½	96½	51½	64½	80½
(*1265)	1300	22½	55½	74½	85½	93½	108
Kingfisher	500	26½	37½	47½	12½	25	29½
(*503)	550	7½	17	26	45½	53½	59½
Ladbroke	220	13	18½	24½	12½	17	20
(*223)	230	8½	–	–	19	–	–
Land Secur	420	44½	49½	52½	2¼	9	12
(*455)	460	16½	22	29½	14½	27	29½
M & S	300	24½	29½	38½	5½	9½	12
(*316)	330	8¼	13½	22½	19	23	25
Sainsbury	360	23	29½	38½	6	11½	14½
(*371)	390	7½	14½	22	21	27½	31½
Shell Trans.	460	15	28	35	17	22½	28
(*467)	500	3½	12½	20	49½	52	55½
Storehouse	100	10½	13½	16½	4	7½	9½
(*107)	110	6	9½	11½	8½	12½	13½
Trafalgar	130	15½	18	23	6	11½	13½
(*138)	140	11	13½	19	10½	16	19
Utd. Biscuits	390	23½	31	40	10½	14½	20
(*404)	420	7½	17	25	28	31	36
Unilever	900	42½	64½	86½	20½	28½	35
(*919)	950	17½	40½	60½	46½	53½	59½
Ultramar	240	16	–	–	11½	–	–
(*250)	260	7½	17½	–	24	–	–

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Brit Aero	260	–	23	31½	–	28	35
(*271)	280	5	16	23	12½	42½	47½
BAA	550	15	41	51	2	16	25½
(*564)	600	½	18	27½	37	39	52½
BAT Inds	650	8	32½	40½	7½	29½	45
(*653)	700	½	13	22½	48½	64	78½
BTR	390	12	24	33	½	14½	15½
(*402)	420	¼	9½	18½	19	31½	34½
Brit. Telecom	330	5	20	29	2	10	16
(*333)	360	½	8¼	15	26	28	32½
Cadbury Sch	420	39½	48½	61½	½	10½	15½
(*459)	460	6½	26	39½	6½	26	32½
Eastern Elec	240	–	–	20	–	–	17½
(*240)	250	1	11½	–	11½	16½	–
Guinness	550	19	38	54	2	16	20
(*569)	600	1¼	14½	26	30½	46½	47½
GEC	200	6	14¼	17	1½	5	9¼
(*205)	220	½	5½	7½	16	17	21
Hanson	200	2½	11¼	14½	3	8½	11
(*200)	220	½	4¼	6¼	20¼	21½	23
LASMO	200	18½	24	30½	½	8	12½
(*218)	220	½	4¼	6¼	20¼	21½	23
Lucas Inds	110	6½	11½	14½	1½	6	8
(*116)	120	1	5½	10	5½	11½	13½
P. & O.	390	3½	19	25½	13	42	43½
(*378)	420	1	9	16½	42½	63½	65½
Pilkington	120	6½	14	17½	1¼	7½	11½
(*126)	130	1	9	13	6	11½	16½
Prudential	220	8½	14½	21	1	8½	11½
(*228)	240	1	6½	11½	12½	21½	22½
Racal	51	2¼	–	–	¼	–	–
(*54)	60	¼	–	–	7	–	–
R.T.Z.	500	19½	34½	46½	2	19½	25½
(*518)	550	1½	11½	22½	32½	48½	53½
Scot. & New	420	12½	31½	40	3	11½	19½
(*431)	460	1¼	13½	19½	27½	32½	40½
Tesco	240	8½	17	24	¼	7½	10½
(*248)	260	½	7½	13½	11½	19	20
Thames Water	370	6½	–	–	4¼	–	–
(*374)	390	–	16½	22	–	24	34
Vodafone	330	17½	34	40½	½	9	13
(*348)	360	1	17	24	14	22½	27½

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Abbey Nat.	280	10½	17½	22½	8½	12½	15½
(*287)	300	2½	10½	13½	22½	24½	27½
Amstrad	25	4¼	7	8	1¼	4¼	4¼
(*28)	30	2¼	4¼	6	4¼	6	7½
Barclays	360	23	29½	33½	8	16½	23
(*377)	390	5	14½	19½	27	31½	39½
Blue Circle	240	23	27	32½	3	10½	14½
(*258)	260	9	15½	22½	9½	21	25
British Gas	240	7	22¼	28	5¼	12	13
(*241)	260	1½	5½	10	20½	25½	26½
Dixons	220	19½	31	34	3	7½	11½
(*236)	240	8	18½	24	10½	15½	20
Eurotunnel	420	45	63½	78½	13	30	36½
(*451)	460	24	43½	55	33½	48	53½
Glaxo	800	42½	78½	100	23	41½	53½
(*815)	850	18¼	53½	73½	54½	66½	83½
Hawker Sidd.	750	35	42½	–	2½	15	–
(*783)	800	12½	22½	–	–	–	–
Hillsdown	140	21	24	26	1½	6	8
(*157)	160	6½	12½	15½	7½	14½	17
Lonrho	120	12½	21	23	6	10½	14½
(*127)	130	8	16½	18½	11½	15½	19

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Midland Bk	220	11½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(*224)	240	5	14½	[illegible]	[illegible]	[illegible]	[illegible]
National Power	215	8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(*215)	235	2¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Reuters	1100	63½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(*1136)	1150	33½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R. Royce	130	9½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(*138)	140	4½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Scottish Power	100	5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(*102)	110	1½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sears	100	4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(*100)	110	1¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Forte	220	9	14½	[illegible]	[illegible]	[illegible]	[illegible]
(*222)	240	2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Thorn EMI	800	26½	51½	[illegible]	[illegible]	[illegible]	[illegible]
(*804)	850	6½	27½	[illegible]	[illegible]	[illegible]	[illegible]
TSB	120	5½	11½	[illegible]	[illegible]	[illegible]	[illegible]
(*122)	130	2¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vaal Reefs	60	4½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(*562)	70	1	4½	[illegible]	[illegible]	[illegible]	[illegible]
Wellcome	1100	57½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(*1112)	1150	28½	76½	[illegible]	[illegible]	[illegible]	[illegible]

EURO FT-SE INDEX (*2513)

	2325	2375	2425	2475	2525	2575	2625	2675
CALLS								
Feb	190	142	94½	52½	[illegible]	[illegible]	[illegible]	[illegible]
Mar	212	168	126	89½	[illegible]	[illegible]	[illegible]	[illegible]
Apr	233	–	154	–	[illegible]	[illegible]	[illegible]	[illegible]
Jun	268	–	193	–	[illegible]	[illegible]	[illegible]	[illegible]
Sep	302	–	235	–	[illegible]	[illegible]	[illegible]	[illegible]
Dec	332	–	270	–	[illegible]	[illegible]	[illegible]	[illegible]
PUTS								
Feb	2½	4	5½	13	[illegible]	[illegible]	[illegible]	[illegible]
Mar	9	14½	21½	34½	[illegible]	[illegible]	[illegible]	[illegible]
Apr	22	–	40½	–	[illegible]	[illegible]	[illegible]	[illegible]
Jun	38½	–	60½	–	[illegible]	[illegible]	[illegible]	[illegible]
Sep	56½	–	71	–	[illegible]	[illegible]	[illegible]	[illegible]
Dec	58½	–	82½	–	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE EUROTRACK 100 INDEX (*1123)

	1000	1025	1050	1075	1100	1125	1150	1175
CALLS								
Mar	–	–	110	87	[illegible]	[illegible]	[illegible]	[illegible]
Jun	182	159	139	117	[illegible]	[illegible]	[illegible]	[illegible]
PUTS								
Mar	–	–	2	3½	[illegible]	[illegible]	[illegible]	[illegible]
Jun	2	4½	6½	10	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE INDEX (*2513)

	2350	2400	2450	2500	2550	2600	2650	2700
CALLS								
Feb	171	124	79	38	[illegible]	[illegible]	[illegible]	[illegible]
Mar	192	149	109	76	[illegible]	[illegible]	[illegible]	[illegible]
Apr	218	177	141	107	[illegible]	[illegible]	[illegible]	[illegible]
May	236	198	162	129	[illegible]	[illegible]	[illegible]	[illegible]
Jun	–	215	–	146	[illegible]	[illegible]	[illegible]	[illegible]
Dec †	–	285	–	220	[illegible]	[illegible]	[illegible]	[illegible]
PUTS								
Feb	2	3½	8½	23	[illegible]	[illegible]	[illegible]	[illegible]
Mar	13	20	31½	48	[illegible]	[illegible]	[illegible]	[illegible]
Apr	28	38½	52½	68½	[illegible]	[illegible]	[illegible]	[illegible]
May	39	50½	64½	82½	[illegible]	[illegible]	[illegible]	[illegible]
Jun	–	56½	–	92	[illegible]	[illegible]	[illegible]	[illegible]
Dec †	–	84½	–	117	[illegible]	[illegible]	[illegible]	[illegible]

February 14 Total Contracts [illegible] Calls 16,682 Puts 11,267 FT-SE Index Calls 6,709 Puts [illegible] Euro FT-SE Calls 568 Puts [illegible] Eurotrack 100 Index Calls 0 [illegible] *Underlying security price. [illegible] Premiums shown are based o[illegible]

TRADITIONAL OPTION 3-month call rates

INDUSTRIALS	p	Charter Cons.	40	Ladbroke	17	Sears	7½	**OILS**			
Allied-Lyons	55	Comm Union	38	Legal & Gen	31	SmKl Bchm A	78	Aviva Pet	1¼		
Amstrad	3	Courtaulds	39	Lex Service	18	TI	48	BP	22		
Astec (BSR)	3	Eurotunnel	39	Lloyds Bank	31	TSB	10½	Burmah Castrol	40		
BAT Inds	50	FKI	5½	Lonhro	20	Tesco	17	Conroy Pet	7½		
BOC	48	FNFC	12	Lucas Inds	9	Thorn EMI	65	Gaelic Res	½		
BTR	32	Forte	19	Marks Spencer	22	T & N	11	Premier Cons	3		
Barclays	31	GKN	25	Midland Bank	19	Unilever	70	Shell	37		
Blue Circle	22	Gen Accident	38	NatWest Bank	24	Vickers	14	Tuskar Res	1		
Boots	33	GEC	15	P & O Dfd	34	Wellcome	75	**MINES**			
Bowater	55	Glaxo	70	Racal Elect	4½	**PROPERTY**		RTZ	39		
Brit Aerospace	27	Grand Met	78	RHM	18	Brit Land	21				
British Steel	6	GRE	11	Rank Org	45	Land Sec.	38				
Brit Telecom	24	Hanson	16	Ratners	5	MEPC	31				
Cadburys	33	ICI	90	Reed Intl	40	Mountleigh	2½				

Krupp clears last obstacle to its takeover of Hoesch

By **Christopher Parkes** in Bonn

THE last significant obstacle to Krupp's takeover of Hoesch, and the creation of a DM30bn ($18.8bn) German steel and engineering combine, was cleared yesterday.

The supervisory board of Hoesch instructed the group's management to press on with merger negotiations after hearing that the link-up would offer cost savings of about DM1.5bn over the next five years.

More than two-thirds of the economies would be made in the steel sector, although no plant would be closed, Hoesch executives told the board, which includes representatives from unions, shareholders and regional politicians.

Job losses, in addition to those already planned by the two companies, would be limited to 1,800 from a combined workforce of about 110,000. From 1996 onwards, the new group could expect a "positive contribution to results" of DM460m a year, Hoesch said.

The merger is expected to be approved at the Hoesch annual meeting on June 22, and back-dated to take effect from January 1.

Krupp yesterday refused to comment on reports that it would pay for the outstanding 49 per cent of Hoesch through a share swap arrangement.

However, it is understood that Krupp, which is privately controlled (only the Krupp Stahl steel subsidiary is quoted), plans a flotation and to offer its new shares for Hoesch stock.

There was concern in Germany yesterday that the relatively small job losses might overload the new group with high wage costs at a critical time.

Steel, which accounted for DM12bn of combined sales in 1990, is suffering from the world market slump. The companies' engineering specialities, including plant and automotive components, are feeling the effects of falling international and domestic demand.

However, the deal will give the new company critical mass in steel production, with output almost as high as that of Thyssen, the country's biggest producer, and synergies across a wide range of markets.

The merger is likely to be followed by a series of co-operation deals with other companies. Krupp's two steel divisions, for example, are to be rolled into one, and collaboration talks are expected to be resumed with Thyssen on special steels.

Hoesch and Mannesmann, already setting up a joint venture in steel tube manufacture, are discussing links aimed at bolstering Hoesch's flagging O&K construction equipment arm.

Hoesch yesterday responded to gloomy speculation about 1991 results with an announcement that profits would be "well over" DM200m, without specifying whether they were before or after taxes. Operating profits in 1990 were DM440m.

Claiming to be satisfied with the outcome, the company said that all sectors had shown improved results in the last quarter of the year. Even steel was expected to break even.

Arab bank buys stake in Perrier

By **Alice Rawsthorn** in Paris

ARAB Banking Corporation, the Bahrain-based bank, yesterday disclosed it had acquired a 1.4 per cent holding in Perrier, the French mineral water company being fought over by the Agnelli family of Italy and Nestlé, the Swiss food group.

Arab Banking acquired more than 130,000 Perrier shares over three days and emerged with a stake of 1.4 per cent.

The disclosure of the holding fuelled speculation in Paris that it had been buying Perrier stock on behalf of one of the protagonists in the Agnelli/Nestlé fracas. However, Arab Banking said it had bought the shares for its own account. In spite of this, Perrier's shares rose from FFr1,569 to FFr1,575 yesterday. Its shares resumed trading in Paris last Monday having been suspended since mid-December in the wake of the Agnellis' FFr5.6bn (US$1.01bn) bid for Exor, the mineral water company's controlling shareholder.

The shares gained 13 per cent during the week – having begun at the suspension price of FFr1,396 – on rumours of a counter-offer to the FFr13.42bn bid by Nestlé and Indosuez, the French bank. Perrier ended the week trading far higher than the FFr1,475 offered by Nestlé and Indosuez.

Next week the Perrier battle moves into the legal arena. The critical question is whether the French commercial courts will decide in favour of Nestlé's application to annul the purchase of 13.8 per cent of Perrier by Saint Louis, the French sugar company allied to the Agnellis.

On Wednesday, the Nimes commercial court is due to announce its ruling on the legality of the Saint Louis share purchase. The first of the Paris court rulings is expected next Friday with the final judgment to be delivered on February 25.

Daihatsu pulls out of US car market

By **Steven Butler** in Tokyo

THE US recession yesterday claimed its first victim in the Japanese automobile industry when Daihatsu, the Japanese vehicle maker, decided to stop selling cars in the US.

Daihatsu, in which Toyota holds a minority stake, said it would halt production of two vehicles made for the US market – the Charade subcompact and the Rocky, a four-wheel-drive sports utility vehicle – in order to stem mounting losses.

The withdrawal by Daihatsu from the US follows similar moves last year by Rover Group of the UK and Peugeot of France, which decided to abandon the American car market in the face of continuing heavy losses and dwindling sales in the US.

Although Daihatsu has only a small presence in the US, its withdrawal will no doubt be welcomed by US makers concerned about their steady loss of market share to Japanese competitors.

Daihatsu's move illustrates the financial pressure affecting some of Japan's smaller vehicle makers and their increased vulnerability to swings in the US market.

With the Japanese vehicle market stagnating, and profits under pressure due to intense competition, Japanese car makers no longer have a safe profitable haven at home that allows them to support difficult operations overseas.

Daihatsu is Japan's second biggest manufacturer of mini-cars for the domestic market. Total Daihatsu domestic vehicle sales last year declined by 1.7 per cent to 484,475 units, although a sharp 16 per cent decline in mini-car sales in December is indicative of troubles facing the company.

The sales have been undermined both by the sluggishness of vehicle demand and by changes in parking regulations that removed advantages formally afforded to mini-car owners. Profits are expected to decline sharply in the current year.

In the US, Daihatsu had hoped to achieve an annual volume of 50,000 vehicles a year when it launched operations in 1987, but sales in the current fiscal year ending in March are expected to total only 10,300 units.

Daihatsu said that it decided to terminate sales after concluding that it would be impossible to nurse the operation to profitability. The company said it would continue to honour warranty commitments to vehicle owners and would maintain a service and parts supply network. It had no immediate plans to reduce US employment.

Nissan, Japan's second biggest vehicle maker, last week decided to shut down its loss-making Australian plant.

Toyota profits plunge 30% in first half

By **Steven Butler**

PRE-TAX profits at Toyota Motor, Japan's biggest vehicle manufacturer, plunged by 30 per cent to Y208.9bn ($1.6bn) in the first half to the end of December.

The poor results for one of Japan's strongest manufacturing companies is a reflection of difficult conditions facing a broad range of companies. Sluggish domestic demand has led to increased competition, rising marketing costs and slimmer profits, while the rise in the value of the yen against foreign currencies has bitten deeply into the value of exports.

Toyota said that the stronger yen cost the company Y50bn during the period, while increased wages accounted for another Y20bn of increased expenses.

The company was also hit by rising depreciation, accounting for Y40bn and increased marketing and administrative costs.

Sales during the period rose by 1.6 per cent to Y4,434.6bn on an unconsolidated basis in spite of a 1.2 per cent decline in unit vehicle sales to 2.06m.

At the operating level, profits plummeted by 61.6 per cent to Y77bn, with increased non-operating financial income and extraordinary items lifting profits at the pre-tax level.

Japan was plainly Toyota's most difficult market during the period, with sales off by 4.6 per cent to 1.2m units.

Exports none the less rose from 825,229 vehicles to 857,538. The buoyancy of exports was accounted for by strong demand from South America and the Middle East, while sales to the US declined.

Sales of industrial vehicles fell by 6.9 per cent to 29,683 units.

Toyota said that the recent declines in interest rates, which it expected to continue, were likely to lead to a recovery of demand in Japan in the second half of the year, although it was pessimistic about the global market. Exchange rate movements would continue to cost the company money.

Earnings after tax came to Y103.6bn, a decline of 33.7 per cent.

Toyota said it expected net earnings for the full fiscal year to reach Y200bn, compared with Y329.6 last year.

Capital spending in the current fiscal year, including plant construction in Hokkaido and Kyushu, was budgeted at Y565bn, compared with Y641.9bn last year.

The company said this level of capital spending would not be maintained as plants under construction were nearing completion.

Salomon settling auction matters

SALOMON Brothers, the US investment bank wracked by admissions that it violated Treasury auctions rules last year, said yesterday that it was nearing agreement with the US government over issues related to these misdemeanours, agencies report.

Mr Warren Buffett, the legendary US investor who stepped in as chairman of Salomon when Mr John Gutfreund quit in the wake of the auction revelations, confirmed that he would continue in this position until government investigations and other government-related issues were resolved.

However, he said that he would not stay on while other legal actions, resulting from the scandal, were sorted out.

Salomon, for example, faces class action suits from individual investors.

Mr Buffett declined to be more specific about his length of tenure, but added that he had "hopes that I'm playing the back nine".

Mr Buffett did assure a meeting of institutional investors in New York that the firm had "absolutely no plans" to spin off its Philbro energy unit, in spite of various rumours to this effect.

Meanwhile, Mr Deryck Maughan, Salomon's new chief operating officer, confirmed that the Treasury market scandal had hit the firm's swaps and derivatives business.

"Fewer people are prepared to do term swaps or derivatives with us," he said. He added that the firm had reduced its balance sheet by $37bn between June and September last year – a figure which came out of the firm's matched book.

Mr Maughan admitted that Salomon had lost market share in equity underwritings, but that "debt [underwritings] doesn't seem to be affected."

Salomon said that 335 employees have left the firm voluntarily since August – compared with 326 in the same period a year earlier. Mr Maughan maintained that "it's simply not true that there's any kind of mass walk-out".

Press attention recently has focused on a number of fairly high-profile departures.

VW expects to repeat 1990 earnings level

By **Andrew Fisher** in Frankfurt

VOLKSWAGEN, the German motor group, said its group net profits for 1991 would only be around the level of the previous year and those of its parent company would be lower as a result of new model and production costs.

The group's net profits in 1990 were DM1.1bn ($679m), a rise of 4.6 per cent.

In the first nine months of last year, earnings rose by 1 per cent to DM628m, but pre-tax profits were 6 per cent lower at DM1.6bn. Like other German companies, VW has been trying to cut its high costs and produce more abroad.

VW, which has just brought out its latest Golf family car, said total turnover was about DM77bn ($48bn) last year, a rise of 13 per cent. Deliveries of VW, Audi, and Seat cars increased by 2.5 per cent to 3.13m units. Including Skoda, the Czech concern in which VW owns 31 per cent and has management control, the figure was 3.3m.

Czechoslovakia is one of the main areas in which VW plans to invest in the 1990s. Out of planned capital spending of DM51bn over the next five years, Skoda will account for DM6.1bn. VW has added to its Czech involvement with an assembly venture in Bratislava.

VW's investment plans span Mexico, Portugal, China, and Taiwan. It plans to supply the US and Canada with favourably priced models, including the Golf, from low-cost Mexico, where it will invest DM1.5bn.

VW benefited considerably from the sharp increase in car demand caused by German reunification. Its domestic deliveries went up by 27.5 per cent to nearly 1.2m vehicles, with sales of its Seat models nearly doubling.

Other markets were less positive. Hit by the recession, VW group deliveries in the US slumped by 31 per cent to 109,000 cars. In South America, where VW is a partner in the Autolatina joint venture with Ford of the US, sales in Brazil and Argentina improved. Autolatina's sales were 3.6 per cent higher at 285,000 units.

Top Swedish banks downgraded

By **Robert Taylor** in Stockholm

SWEDEN'S two leading commercial banks had their long-term debt ratings lowered yesterday by Standard & Poor's, the US credit rating agency. Both Skandinaviska Enskilda Banken (SEB) and Svenska Handelsbanken were rated at AA and will now be AA-.

S&P said about $30bn of SEB's debt and $802m of Handelsbanken's debt would be affected. It said the changes reflect the deterioration of the banks' asset quality, caused by the continuing recession.

The credit losses in 1991 largely stem from the banks' significant exposure to the troubled Swedish commercial real estate market.

S&P added that Sweden's lingering economic downturn was likely to "cause further weakness in the property sector and elsewhere, prolonging the asset quality dilemmas of both banks until 1994, and perhaps beyond".

However, S&P pointed out that the core earnings of the two banks before loan losses and provisions continued to be strong, primarily driven by healthy and increasing net interest margins.

It acknowledges that decreasing competition has allowed the banks to show "more flexibility in pricing loans while the rising domestic savings rate and a flight to quality by depositors have caused an inflow of retail deposits".

The agency added that continued improvement in core results was expected to limit overall deterioration, created by asset-quality problems.

Two weeks ago both banks warned that their 1991 results had been hit badly by credit losses. Handelsbanken reports its figures on February 18 and SEB on February 25.

LTV revises reshape plan

LTV, the large US steel company which has been living under bankruptcy protection for the past five years, yesterday filed a revised reorganisation plan which, it claimed, has the support of key creditors' groups, writes Nikki Tait in New York.

Under the terms of the modified plan, the bulk of LTV's cash would still go to its under-funded pension plans, and unsecured creditors would generally get stock in the ongoing company.

Placer Pacific improves in spite of higher tax charge

PLACER Pacific, the Australia and Papua New Guinea gold mining group, has shrugged off a substantially higher tax charge to record a modest rise in earnings in 1991, writes Bruce Jacques in Sydney.

The company yesterday announced a 5 per cent improvement in net profits to A$67.3m (US$50.7m) from A$63.9m following a 20 per cent advance in sales revenue to A$579.8m from A$485.0m. This came in spite of a big turnround in the company's tax position from a A$3.5m credit to a A$56.5m charge. This reflected the introduction of tax on gold earnings in Australia and higher tax in Papua New Guinea.

The important element in the rise in earnings was record gold production from Placer's five managed mines – Porgera and Misima in Papua New Guinea, and Kidston, Granny Smith and Big Bell in Australia.

Gold production from the mines almost doubled to 2.07m oz from 1.15m oz, with Placer's share rising to 946,611 oz from 687,936 oz.

The directors said the average cash gold production cost for the period was A$227 per oz against an average selling price of A$521 per oz, but higher production brought a steep rise in costs.

The company's total cost of sales rose 32 per cent to A$271.5m from A$205.6m. Depreciation was up to A$133.8m from A$102.4m, but interest expenses eased to A$18.9m from A$27.8m.

Kidston Gold Mines, Placer's listed offshoot, announced a 72 per cent fall in earnings to A$16.3m from A$58.9m in 1991, reflecting higher costs and a 19 per cent slide in sales revenue to A$104.8m.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991/92	Low 1991/92
Gold per troy oz.	$354.0	-2.4	$364.45	$403.25	$345.25
Silver Per troy oz	236.05p	+4.92	193.30p	280.55p	183.35p
Aluminium 99.7% (cash)	$1287.5	+38	$1506	$1570	$1082.5
Copper Grade A (cash)	£1254	+84	£1241	£1472	£1147.0
Lead(cash)	£282	+3	£309	£382.5	£279.00
Nickel (cash)	$8030	+135	$8855	$9237.5	$7090.0
Zinc SHG (cash)	$1125.5	-15.5	$1217	$1430	$990.25
Tin (cash)	$5640	+70	$5580	$5915	$5425.0
Cocoa Futures (May)	£698	-10	£661	£829	£596
Coffee Futures (Mar)	£484	+12	£534	£619	£472
Sugar (LDP Raw)	$197.1	-2.2	$211.8	$293	$194
Barley Futures (May)	£119.7	-8.8	£119.0	£122.95	£107.75
Wheat Futures (Mar)	£124.1	-2.4	£128.3	£141.10	£111.80
Cotton Outlook A Index	55.50c	-1.6	85.35c	86.25c	55.50c
Wool (64s Super)	452p	+31	385p	452p	329p
Oil (Brent Blend)	$18.45x	+0.325	$17.25	$29.15	$16.75

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-Apr.

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$15.70-5.80	+.175
Brent Blend (dated)	$18.60-8.65w	+.125
Brent Blend (Apr)	$18.40-8.50	+0.15
W.T.I. (1 pm est)	$19.65-9.70w	+.125
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$206-208	-1
Gas Oil	$170-171	-3
Heavy Fuel Oil	$65-66	
Naphtha	$187-189	-0.5
Petroleum Argus Estimates.		

Other		+ or -
Gold (per troy oz)♣	$354.0	-2.4
Silver (per troy oz)♣	418.0c	-5
Platinum (per troy oz)	$365.25	-4
Palladium (per troy oz)	$85.80	-0.45
Copper (US Producer)	105.48c	+0.09
Lead (US Producer)	37c	
Tin (Kuala Lumpur market)	14.38r	-0.12
Tin (New York)	261.5	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	107.16p	+0.56
Sheep (live weight)†♠	101.72p	-1.00
Pigs (live weight)†	94.91p	-0.29
London daily sugar (raw)	$197.1	+1
London daily sugar (white)	257.0y	-1.6
Tate and Lyle export price	218.0	+2
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£147.0	
Wheat (US Dark Northern)	Unq.	
Rubber (Mar)♥	50.00p	-0.25
Rubber (Apr)♥	50.25p	-0.25
Rubber (KL RSS No 1 Feb)	212.5m	-1
Coconut oil (Philippines)§	$725y	
Palm Oil (Malaysian)§	$392.5q	-7.5
Copra (Philippines)§	$482.5y	+5
Soyabeans (US)	£147.0z	+0.5
Cotton "A" Index	55.50c	-0.75
Wooltops (64s Super)	452p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar t-Jan/Feb u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Feb w-Apr. †Meat Commission average fatstock prices. * change from a week ago ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♠Sheep prices are now live weight prices

SUGAR – London FOX ($ per tonne)	Close	Previous	High/Low	
Raw				
Mar	178.00	177.40	177.80	176.60
May	178.80	178.00	178.80	177.80
Aug	185.60	185.60	185.20	184.80
Oct	186.00		186.40	184.80
White				
Mar	259.0	255.0	258.0	252.0
May	263.0	262.0	263.5	261.4
Aug	268.0	267.8	268.3	266.5
Oct	259.0	258.5	259.0	258.3
Mar	261.5	261.0	262.0	
May	265.0		264.5	

Turnover: Raw 317 (695) lots of 50 tonnes. White 1142 (3846)
Paris- White (FFr per tonne): Mar 1415.59, May 1487.93

CRUDE OIL – IPE ($/barrel)	Latest	Previous	High/Low	
Apr	18.35	18.53	18.60	18.32
May	18.30	18.49	18.71	18.30
Jun	18.38	18.46	18.48	18.38
Aug	18.32	18.39	18.32	18.29
IPE Index	18.48	18.41		

Turnover 14346 (33914)

GAS OIL – IPE ($/tonne)	Close	Previous	High/Low	
Mar	166.75	169.75	172.00	166.50
Apr	165.50	167.75	170.25	165.50
May	165.25	166.00	168.00	165.00
Jun	166.50	166.75	168.75	166.00
Jul	168.50	169.00	169.50	168.00
Aug	170.50	171.00	171.25	170.00
Sep	172.50	173.00	172.50	
Oct	174.50	175.00	174.50	

Turnover 8671 (6532) lots of 100 tonnes

SPICES
India abolished export cess (3.5 per cent) on hard currency sales of cassia and cinnamon, reports Man-producten. Demand evident for spot and nearby, especially for better grades. Cloves: Madagascar resellers US$1,425-$1,400 a tonne for afloat and Feb/Mar shipment. Spot cloves hardly available. Ginger: good demand from North Africa and Europe. Nigerian split ginger $850, Cochin ginger $975. Nutmegs/mace: buyers looking for offers to cover their needs for positions as far as 1994. Pimento: Mexico not available until new crop Jul/Aug. Jamaican spot Europe traded $2,500, shipment $2,425 cif.

COCOA – London FOX (£/tonne)	Close	Previous	High/Low	
Mar	669	665	670	659
May	698	694	701	689
Jul	727	722	729	718
Sep	750	744	752	742
Dec	787	780	786	778
Mar	817	813	816	809
May	837	831	835	827
Jul	856	850	858	845
Sep	874		875	863

Turnover: 4183 (6565) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb.13 821.80 (839.86) 10 day average for Feb.14 863.03 (871.73)

COFFEE – London FOX ($/tonne)	Close	Previous	High/Low	
Mar	859	861	863	849
May	888	891	891	876
Jul	915	914	915	904
Sep	936	938	938	925
Nov	958	958	959	950
Jan	981	990	980	979

Turnover:5277 (2387) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb. 11: Comp. daily 57.02 (57.37) 15 day average 57.31 (57.58)
Sterling close: March £484

POTATOES – London FOX (£/tonne)	Close	Previous	High/Low	
Apr	119.5	120.0	119.5	118.1
May	138.9	139.0	138.8	

Turnover 41 (168) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)	Close	Previous	High/Low
Jun	122.00	121.00	122.00
Aug	123.50	121.50	123.50

Turnover 10 (100) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)	Close	Previous	High/Low	
Feb	1285	1303	1300	1279
Mar	1344	1378	1370	1345
Apr	1365	1385	1395	1365
Jul	1180	1200	1190	1175
Oct	1310	1339	1330	1310
BFI	1315	1323		

Turnover 447 (403)

GRAINS – London FOX (£/tonne)	Close	Previous	High/Low	
Wheat				
Mar	124.10	125.00	124.50	124.00
May	127.75	128.60	128.20	127.60
Jun	129.60	130.30	129.80	129.65
Nov	114.85	114.80	114.80	
Jan	118.60	118.65	118.65	
Barley				
Mar	116.65	117.15	117.00	116.90
May	119.70	120.10	119.80	

Turnover: Wheat 453 (496), Barley 49 (44).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg	Close	Previous	High/Low
Apr	118.1	118.0	118.0
Jun	117.0	116.0	116.0

Turnover:10 (119) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 29,567 lots
Cash	1287-88	1269.5-70.5	1287	1287-7.5		
3 months	1311-12	1293.5-94	1328/1306	1311-11.5	1314-15	146,246 lots
Copper, Grade A (£ per tonne)						Total daily turnover 28,398 lots
Cash	1253.5-4.5	1255-56	1242.5/1242	1242.5-43		
3 months	1279-9.5	1278-8.5	1279/1266	1267.5-68	1278-79	121,838 lots
Lead (£ per tonne)						Total daily turnover 756 lots
Cash	281.5-82.5	284.75-5.25	282	281-2		
3 months	293-3.5	296-6.25	296/293	293-3.5	293-5	15,996 lots
Nickel ($ per tonne)						Total daily turnover 3,434 lots
Cash	8025-35	7845-55	7850/7845	7845-50		
3 months	8050-60	7880-95	8075/7870	7880-95	8015-25	23,345 lots
Tin ($ per tonne)						Total daily turnover 1,128 lots
Cash	5635-45	5655-65		5640-45		
3 months	5670-80	5685-90	5707/5670	5680-85	5685-90	5,526 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 6,100 lots
Cash	1125-26	1129-31	1127.5	1127-27.5		
3 months	1139-40	1140-41	1142/1138	1139-40	1141-42	43,742 lots

LME Closing £/$ rate:
SPOT: 1.7850 3 months: 1.7438 6 months: 1.7183 9 months: 1.6975

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	353.80-354.20	
Opening	355.70-356.00	
Morning fix	356.35	200.593
Afternoon fix	354.10	200.226
Day's high	355.90-356.20	
Day's low	353.30-353.60	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	3.37	6 months	3.36
2 months	3.36	12 months	3.36
3 months	3.36		

Silver fix	p/fine oz	US cts equiv
Spot	236.05	419.25
3 months	241.90	323.25
6 months	247.80	427.50
12 months	259.15	437.15

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	356.25-357.25	200.50-201.50
Maple leaf	367.00-368.00	206.50-207.00
New Sovereign	87.50-88.50	49.25-49.75

TRADED OPTIONS

Aluminium (99.7%) Strike price $ tonne	Calls Mar	Calls Jun	Puts Mar	Puts Jun
1200	99	133	2	16
1300	25	68	26	49
1400	2	29	105	108

Copper (Grade A)	Calls		Puts	
2150	78	102	3	29
2250	14	46	39	73
2350	1	18	125	142

Coffee	Mar		Mar	
450	34			
500	1		17	
550			68	

Cocoa	Mar	May	Mar	May
675	5	39	11	16
700	1	26	32	28
725		17	68	44

Brent Crude	Apr	May	Apr	May
1800	93		39	80
1850	65	72	47	
1900	31	48	69	

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Feb	353.7	355.9	356.0	353.5
Mar	354.2	356.4	0	0
Apr	355.1	357.3	357.5	354.5
Jun	357.2	359.3	359.5	356.8
Aug	359.3	361.4	360.4	359.0
Oct	361.4	363.5	0	0
Dec	363.6	365.7	365.6	363.0
Feb	365.9	368.0	0	0
Apr	355.1	357.3	357.5	354.5

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Feb	366.0	366.0	0	0
Apr	363.5	368.3	367.5	363.0
Jul	363.3	368.8	367.0	363.5
Oct	366.8	372.3	0	0
Jan	366.5	372.0	366.0	365.0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Feb	415.2	419.7	0	0
Mar	415.8	420.3	419.5	413.0
Apr	417.2	421.7	0	0
May	419.0	423.4	422.5	416.5
Jul	422.1	426.5	426.0	420.0
Sep	425.5	429.9	428.0	428.0
Dec	430.7	435.1	434.0	428.0
Jan	432.3	436.7	0	0
Mar	436.5	440.9	438.5	438.5
May	440.9	445.3	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Feb	102.40	101.70	102.50	101.80
Mar	102.40	101.90	102.75	101.80
Apr	101.80	101.25	101.40	101.30
May	101.10	100.55	101.40	100.60
Jun	100.60	100.10	100.80	100.60
Jul	100.25	99.70	100.70	99.80
Sep	99.95	99.40	100.10	99.70
Oct	99.85	99.30	0	0
Nov	99.75	99.20	0	0

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Mar	5430	5569	5670	5415
Apr	5415	5522	5510	5405
Jun	5336	5372	5385	5335
Jul	5360	5379	5385	5360
Oct	5700	5675	0	0
Dec	5865	5870	5870	5865

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Mar	19.43	19.68	19.63	19.37
Apr	19.56	19.84	19.85	19.51
May	19.67	19.89	19.96	19.63
Jun	19.70	19.89	19.98	19.68
Jul	19.65	19.85	19.90	19.65
Aug	19.63	19.81	19.87	19.70
Sep	19.67	19.77	19.82	19.67
Oct	19.60	19.73	19.73	19.63
Nov	19.66	19.72	19.72	19.66

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Mar	1078	1075	1082	1070
May	1115	1112	1118	1107
Jul	1148	1150	1151	1146
Sep	1188	1186	1190	1182
Dec	1234	1236	1236	1231
Mar	1272	1270	1275	1265
May	1300	1296	1300	1299
Jul	1323	1320	0	0
Sep	1355	1351	1350	1346
Dec	1390	1386	0	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Mar	69.10	69.15	69.75	68.90
May	72.35	71.85	72.65	71.70
Jul	75.15	74.70	75.40	74.50
Sep	77.95	77.35	78.10	77.40
Dec	81.50	81.10	82.00	81.10
Mar	85.00	84.90	85.25	86.00
May	88.25	88.90	0	0
Jul	90.60	91.25	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	8.02	8.02	8.05	7.96
May	8.17	8.15	8.18	8.12
Jul	8.32	8.26	8.32	8.27
Oct	8.36	8.40	8.36	8.32
Mar	8.58	8.64	8.64	8.56
May	8.65	8.75	8.71	8.70
Jul	8.70	8.80	0	0

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Mar	53.62	53.37	54.20	52.75
May	55.47	55.16	55.95	54.48
Jul	56.75	56.26	57.10	56.56
Oct	58.95	58.60	59.40	58.45
Dec	59.65	59.50	60.20	59.40
Mar	61.16	60.85	0	0
May	61.65	61.63	0	0
Jul	62.30	62.13	0	0

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	147.30	146.95	150.00	147.05
May	145.60	144.60	148.00	145.10
Jul	144.25	143.25	145.60	144.25
Sep	138.85	137.50	139.50	138.00
Nov	132.00	131.00	133.00	132.00
Jan	131.95	131.00	131.95	131.50
Mar	131.95	131.00	0	0
May	131.95	131.00	0	0
Jul	131.95	131.00	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)	Feb.14	Feb.13	mnth ago	yr ago
	1581.8	1598.3	1611.4	1671.4

DOW JONES (Base: Dec. 31 1974 = 100)	Feb.13	Feb.12	mnth ago	yr ago
Spot	119.05	119.34	112.73	122.74
Futures	121.84	122.51	121.62	128.21

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Mar	568/4	570/2	571/2	566/0
May	577/0	577/6	579/0	574/0
Jul	586/4	587/0	589/0	584/0
Aug	591/0	590/4	592/4	588/2
Sep	593/0	593/0	595/0	591/0
Nov	604/0	603/2	606/0	600/4
Jan	614/6	612/0	615/0	611/4
Mar	622/0	621/4	622/0	619/4
May	629/4	627/0	0	0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Mar	19.05	18.97	19.10	18.91
May	19.34	19.27	19.40	19.21
Jul	19.63	19.58	19.71	19.52
Aug	19.80	19.77	19.85	19.70
Sep	19.91	19.86	19.96	19.85
Oct	20.02	19.95	0	0
Dec	20.40	20.32	20.45	20.30
Jan	20.45	20.40	0	0
Mar	20.65	20.60	0	0

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Mar	172.1	172.8	173.2	171.5
May	174.7	174.2	175.3	173.9
Jul	177.8	178.2	178.0	177.0
Aug	179.0	179.2	179.1	178.2
Sep	180.4	180.3	180.4	179.4
Oct	194.8	195.0	195.5	194.5
Dec	196.5	196.5	196.7	195.5
Mar	198.0	198.0	0	0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Mar	262/4	263/0	263/2	259/6
May	270/4	270/6	271/0	268/0
Jul	276/4	276/4	277/0	273/6
Sep	273/2	273/2	274/2	271/4
Dec	270/6	271/2	271/2	268/6
Mar	277/2	277/2	277/2	275/0
May	281/0	280/6	281/0	279/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Mar	427/0	422/2	428/4	423/0
May	424/0	417/4	425/0	418/2
Jul	403/2	398/0	404/4	397/0
Sep	404/6	399/2	407/0	401/4
Dec	416/0	408/2	418/0	410/0
Mar	417/4	411/0	419/0	411/0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Feb	78.725	78.525	79.100	78.375
Apr	77.300	77.325	77.575	77.050
Jun	73.000	72.775	73.225	72.675
Aug	68.875	68.950	69.250	68.750
Oct	69.250	69.425	69.400	69.100
Dec	69.800	69.900	69.925	69.550
Feb	69.100	69.250	69.800	69.100

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Feb	41.750	41.550	41.800	41.350
Apr	41.675	41.350	41.725	41.250
Jun	45.775	45.750	45.900	45.600
Jul	46.025	45.825	46.225	45.825
Aug	44.560	44.425	44.725	44.425
Oct	41.500	41.450	41.800	41.250
Dec	44.050	43.850	44.250	43.850
Feb	45.100	44.825	45.100	45.000

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Feb	35.850	36.000	36.200	35.350
Mar	36.200	36.200	36.600	35.550
May	37.450	37.450	37.750	36.800
Jul	38.425	38.375	38.600	37.750

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar shrugs off the bears

THE dollar turned in another rousing performance against the D-Mark yesterday as it bounced back from weak economic data to close almost 6 pfennigs up since Monday, *writes Peggy Hollinger*.

The US unit suffered only a brief stumble after weak producer price and industrial production statistics, falling from DM1.6225 to DM1.6150. Almost immediately, however, the buyers moved in and the currency shot up to DM1.6350 "without touching the sides", said Mr Steven Barrow of Chemical Bank.

By the close, however, fears of central bank intervention had put a damper on dollar enthusiasm. The US unit bounced off strong resistance at the DM1.6350 level – a touch below the year's European high of DM1.6355.

The dollar finished in London at DM1.6385, compared with Thursday's DM1.6230.

Traders suggested that some of the dollar's moves had been exaggerated by the thin market in advance of the US holiday on Monday. However, most agreed that market sentiment had become bullish on the US currency this week, and was likely to remain so in the immediate future.

The dollar/yen rate moved in a fairly narrow range as rumours of intervention circulated the market. One trader pointed out that the last time the Bank of Japan had intervened had been on the Friday before a US holiday. The dollar closed in London at Y127.90, near the expected intervention level of Y128.

The dollar's rise had an adverse effect on the Swiss franc, which weakened from SFr1.4575 to SFr1.4675. However, the franc's most notable weakness was against the D-Mark, which rose to a two-year high against the Swiss currency. The D-Mark closed at 90.14 centimes, compared with 89.71 on Thursday.

"There is a feeling that Swiss rates could come down a hell of a lot faster than the German rates," said Mr Barrow.

Against other currencies, the D-Mark continued to feel the adverse effects of the strong dollar. Within the exchange rate mechanism, the D-Mark fell against the French franc from FFr3.4052 to FFr3.4039. At the Paris fix, the German unit hit a five-month low of FFr3.4037.

Sterling enjoyed a respectable rise from DM2.8725 to DM2.8800, despite soft economic data. Although the UK currency is still at the bottom of the ERM grid, it was showing a divergence indicator of just minus 31 at the close yesterday. The UK currency is allowed a swing of minus 75 before central bank intervention.

Nevertheless, traders expected that sterling's weakness in the ERM would still hinder an imminent rate cut in the UK.

£ IN NEW YORK

Feb.14	Latest	Previous Close
£ Spot	1.7725-1.7740	1.7723-1.7730
1 month	0.91-0.89pm	0.92-0.91pm
3 months	2.66-2.63pm	2.69-2.67pm
12 months	8.93-8.83pm	9.08-8.98pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Feb.14	Previous
8.30 am	90.7	90.9
9.00 am	90.8	90.9
10.00 am	90.7	90.9
11.00 am	90.7	90.9
Noon	90.7	90.9
1.00 pm	90.7	90.9
2.00 pm	90.8	90.7
3.00 pm	90.7	90.8
4.00 pm	90.8	90.7

CURRENCY MOVEMENTS

Feb 14	Bank of England Index	Morgan Guaranty Changes %
Sterling	90.8	-20.8
U.S Dollar	63.7	-15.0
Canadian Dollar	100.8	-1.2
Austrian Schilling	109.9	+12.2
Belgian Franc	111.5	-1.8
Danish Krone	109.0	+3.2
D-Mark	118.5	+25.1
Swiss Franc	106.9	+15.5
Dutch Guilder	114.6	+16.4
[illegible]	[illegible]	[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Feb 14	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.397	-3.92	6.19	68
Belgian Franc	42.4032	42.0817	-0.76	2.81	37
Dutch Guilder	2.31643	2.29999	-0.71	2.76	35
D-Mark	2.05586	2.04441	-0.56	2.60	36
Italian Lira	1538.24	1535.51	-0.18	2.21	9
Irish Punt	0.767417	0.766116	-0.17	2.20	8
French Franc	6.89509	6.95767	0.91	1.11	-49
Danish Krone	7.84195	7.92004	1.00	1.03	-45
Sterling	0.696904	0.711063	2.03	0.00	-40

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Feb 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7610 - 1.7815	1.7680 - 1.7690	0.91-0.89cpm	6.11	2.67-2.64pm	6.01
[illegible]	[illegible]	[illegible]	0.56-0.49cpm	3.01	1.61-1.49pm	2.96

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Feb 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY RATES

Feb 14	Bank rate %	Special Drawing Rights	European Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES

Feb 14	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	5½ - 5½	5⅝ - 5½	5⅝ - 5½			
	10 - 9¾	10⅛ - 9⅞	10⅛ - 9⅞		10 - 9¾	
	3½ - 3⅜	3⅜ - 3¼	3½ - 3⅜		3⅝ - 3½	

Long term Eurodollars: two years [illegible] per cent; three years 6⅛-6⅜ per cent; four years 6⅞-6⅝ per cent; five years [illegible] per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

Feb 14	£	$
[illegible]	[illegible]	[illegible]

EXCHANGE CROSS RATES

	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.769	2.880	226.3	9.785	2.595	3.240	2162.	2.097	59.30	1.410
$	0.565	1	1.628	127.9	5.531	1.467	1.832	1222	1.185	33.52	0.797
DM	0.347	0.614	1	78.53	3.398	0.901	1.125	750.7	0.728	20.59	0.490
YEN	4.419	7.817	12.73	1000.	43.24	11.47	14.32	9554	9.266	262.0	6.231
F Fr.	1.022	1.808	2.943	231.3	10.	2.652	3.311	2210	2.143	60.60	1.441
S Fr.	0.385	0.682	1.110	87.21	3.771	1	1.249	833.1	0.808	22.85	0.543
N Fl.	0.309	0.546	0.889	69.85	3.020	0.801	1	667.3	0.647	18.30	0.435
Lira	0.463	0.818	1.332	104.7	4.526	1.200	1.499	1000.	0.970	27.43	0.652
C$	0.477	0.844	1.373	107.9	4.666	1.237	1.545	1031	1	28.28	0.672
B Fr.	1.686	2.983	4.857	381.6	16.50	4.376	5.464	3646	3.536	100.	2.378
Ecu	0.709	1.255	2.043	160.5	6.940	1.840	2.298	1533	1.487	42.06	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.7685	1.7595	1.7419	1.7182	1.6798
D-mark	2.8800	2.8781	2.8754	2.8717	2.8613
French Fr.	9.7850	9.7820	9.7800	9.7767	9.7595
Swiss Fr.	2.5950	2.5888	2.5766	2.5604	2.5278
Yen	226.25	225.36	223.45	220.59	215.43

MONEY MARKETS

Bank holds UK rate

THE UK money markets ended the week on a more sober note, with rates indicating no change in monetary policy for at least the next month.

Speculation had been rife earlier in the week that the Bank of England would indicate an interest rate cut when it announced the retail price index yesterday. In the event, the Bank disappointed the optimists, keeping its assistance near the current interest rate level of 10½ per cent.

The Bank had "brought the market around to their way of thinking," said a senior trader. "There are a lot of tired bulls out there," he added. As a result, the futures market had fallen, with the March short sterling contract closing lower than in recent days at 89.76.

The one-week interbank rate was firmer at 10⅞-⅝ per cent. Even one-month money was pessimistic about a rate cut, closing at 10⅝-½ per cent. Further out, things were looking a little brighter with the key-three month interbank rate holding steady at 10⁷⁄₁₆-⁵⁄₁₆ per cent.

Overnight rates were extremely volatile yesterday, trading between 9 and 11½ per cent. The rate closed higher at 11¼ per cent.

During the day, the Bank twice revised the forecast market shortage, with the final figure pitched at £1.15bn. Treasury bills and maturing assistance accounted for £1.108bn of the shortfall, the rise in note circulation a further £530m, and bankers' balances below target were expected to take out about £100m. Exchequer transactions were initially forecast to add £415m back in.

By lunchtime, the Bank had stepped in with assistance of £830m. The injection was comprised of £115m in band one bank bills at 10⅜ per cent, with the rest in repurchase agreements at 10⁷⁄₁₆ per cent for resale on March 4,5 and 6.

In the afternoon, the Bank bought £215m worth of band one bank bills at 10⅜ per cent and gave late assistance of £50m. This left the market £55m short.

Tax payments flowing out of the system forced up call rates in Germany to 9.60/65 per cent, compared with Thursday's 9.50/60 per cent. Liquidity was also being squeezed by payments due on the DM1.22bn four-year notes launched this week by the German railroad authority.

In the US, the Federal Reserve did not operate in the market. Funds were trading at 3⅞ per cent, close to the presumed target of 4 per cent.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb.14) 3 months US dollars		6 months US Dollars	
bid 4⅛	offer 4¼	bid 4¼	offer 4⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime

Prime rate	6½
Broker loan rate	6
Fed.funds	4
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	3.73	Three year	5.79
Two month	3.78	Five year	6.66
Three month	3.89	Seven year	7.05
Six month	4.04	10-year	7.43
One year	4.31	30-year	7.94
Two year	5.27		

Feb.14	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.50-9.60	9.50-9.60	9.50-9.60	9.50-9.60	9.45-9.55	9.75
Paris	9⅞-10	9⅞-10⅛	9⅞-10⅛	9⅞-10⅛	9⅞-10	9.60
Zurich	6⅞-6⅝	7⅛-7⅜	-	7⅛-7⅜	-	-
Amsterdam	9.50-9.56	9.56-9.64	-	9.52-9.60	-	-
Tokyo	5⅞-5⅜	5⅞-5⅜	-	5⅞-5⅜	-	-
Milan	11⅞-12⅛	12⅛-12⅜	-	12⅛-12⅜	-	-
Brussels	9.56-9.68	9⅞-9⅞	-	9⅞-9⅞	-	-
Dublin	10⅛-10½	10⅜-10⅝	10½-10⅝	10⅜-10⅝	10⅜-10½	-

LONDON MONEY RATES

Feb 14	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11½	10⅝	10⅝	10⁷⁄₁₆	10⅜	10⅜
Interbank Bid	8½	10⅜	10⅜	10⁵⁄₁₆	10¼	10¼
Sterling CDs	-	-	10⅜	10⅜	10⁵⁄₁₆	10⁵⁄₁₆
Local Authority Deps.	10⅛	10⅜	10⅝	10¼	10⅜	10⅜
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10½	10½	-	-	-	-
Company Deposits	-	-	10¾	10⅝	10⅜	10⅜
Finance House Deposits	-	-	10⅝	10⁷⁄₁₆	10⅜	10⅜
Treasury Bills (Buy)	-	-	10⅛	9¾	9⅞	-
Bank Bills (Buy)	-	-	10¼	9⅞	9⅝	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	4.08	4.08	4.22	4.63
SDR Linked Dep. Offer	-	-	6⅞	6⅞	6½	6⅞
SDR Linked Dep. Bid	-	-	6⅞	6⅞	6⅞	6⅞
ECU Linked Dep. Offer	-	-	10⅛	10⅛	10¼	10⅛
ECU Linked Dep. Bid	-	-	10¼	10⅛	10⅛	9⅞

Treasury Bills (sell); one-month 10⅛ per cent; three months 9⅞ per cent; six months 9⅞ per cent; Treasury Bills; Average Bank Bills (sell); one-month 10⅛ per cent; three months 9⅞ per cent; Treasury Bills; Average tender rate of discount 9.7764 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day January 31, 1992. Agreed rates for period Feb.26, 1992 to March 24, 1992, Scheme I: 11.75 p.c., Schemes II & III: 12.01 p.c. Reference rate for period Jan 1,1992 to January 31, 1992, Scheme IV&V: 10.713 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from February 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5,1991. Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE US TREASURY BOND FUTURES OPTIONS; LIFFE BUND FUTURES OPTIONS; LIFFE EUROMARK OPTIONS; LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS; LIFFE SHORT STERLING OPTIONS; PHILADELPHIA SE £/$ OPTIONS

Strike Price	Calls		Puts	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT; US TREASURY BONDS; 6% NOTIONAL GERMAN GOVT. BOND; 6% NOTIONAL LONG TERM JAPANESE GOVT. BOND; 9% NOTIONAL ECU BOND; 12% NOTIONAL ITALIAN GOVT. BOND (BTP); THREE MONTH STERLING; THREE MONTH EURODOLLAR; THREE MONTH EUROMARK; THREE MONTH ECU; THREE MONTH EURO SWISS FRANC

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Mar	2530.0	2535.5	2518.0	2535.0
Jun	2567.5	2563.0	2560.0	2570.0
Sep	2602.5	2597.0	2597.0	2602.0

Estimated volume 10988 (6101)
Previous day's open int. 39922 (40024)

FT-SE EUROTRACK 100 INDEX
DM50 per full index point

	Close	High	Low	Prev.
Mar	1140.0			1144.0
Jun				

Estimated volume 0 (5)
Previous day's open int. 142 (142)

* Contracts traded on APT. Closing prices shown.

CHICAGO

U.S. TREASURY BONDS (CBT); JAPANESE YEN (IMM); DEUTSCHE MARK (IMM); U.S. TREASURY BILLS (IMM); THREE-MONTH EURODOLLAR (IMM); BRITISH POUND (IMM); STANDARD & POORS 500 INDEX; SWISS FRANC (IMM)

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF); THREE-MONTH PIBOR FUTURES (MATIF); CAC-40 FUTURES (MATIF); ECU BOND (MATIF)

	Close	High	Low
[illegible]	[illegible]	[illegible]	[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls September	Puts March	Puts June	Puts September
107	-	2.30	-	0.08	0.27	-
108	0.18	1.60	-	0.44	0.51	-
109	0.03	1.00	-	1.29	0.88	-
110	-	0.58	-	-	-	-
111	-	0.30	0.73	-	-	-
112	-	0.14	0.46	-	-	-
113	-	0.06	-	-	-	-
Open Int.	122,446	56,848	8,313	105,006	48,674	2,976

Estimated volume 50,444 Total Open Interest 344,263

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7685	1.7595	1.7419	1.7182	1.6798

BANK RETURN

BANKING DEPARTMENT	Wednesday February 12, 1992	Increase or decrease for week
	£	£
LIABILITIES		
Capital	14,553,000	
Public Deposits	117,337,451	- 9,589,204
Bankers Deposits	1,540,950,550	+ 16,259,030
Reserve and other Accounts	3,176,688,745	- 120,742,472
	4,849,529,746	- 114,052,646
ASSETS		
Government Securities	1,207,501,528	- 63,080,000
Advance and other Accounts	2,214,956,070	+ 342,504,672
Premises Equipment & other Secs	1,422,650,822	- 393,308,104
Notes	4,202,434	- 149,007
Coin	218,892	- 22,207
	4,849,529,746	- 114,052,646
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	15,485,797,566	- 19,850,993
Notes in Banking Department	4,202,434	- 149,007
	15,490,000,000	- 20,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	6,794,717,394	- 1,163,871,858
Other Securities	8,684,267,506	+ 1,143,871,858
	15,490,000,000	- 20,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

	Gross	Net	CAR	Int Cr
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Clydesdale Bank PLC
30 St Vincent Place, Glasgow G1 2HL 041 248 7070

	Gross	Net	CAR	Int Cr
£2,000-£24,999	8.25	6.19	8.51	Qtr
£25,000-£99,999	9.00	6.75	9.31	Qtr
£100,000+	9.50	7.13	9.84	Qtr

Many other currencies are available—for rates please phone ext 2168

Wimbledon & South West Finance Plc
114 Newgate St, London EC1 7AE 071-606 9485
High Int Cheque Acc. 10.60 7.95 11.03 Qtr

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

APPOINTMENTS

LONDON STOCK EXCHANGE:Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 1933

Exchequer 10½% Stk 2005 - £109⅝ (11Fe92)

Guaranteed Export Finance Corp PLC 12½% Gtd Ln Stk 2002(Reg) - £119⅝ ⅝ ⅝ ⅝

Corporation and County Stocks

Slough Estates PLC 6% Cnv Bds 2003 - £110⅝ 1 (11Fe92)

Smith & Nephew PLC 4% Cnv Bds 2002 - £121⅜ 2 (12Fe92)

Smith & Nephew Finance N.V. 8⅝% Gtd Red Cnv Prf 2004 (Br) - £123⅛

Southern Electric PLC 10⅜% Bds 2002 (Br £Var) - £100⅝ (10Fe92)

Svensk Exportkredit AB 8.375% Nts 1996(Br$5000&100000) - $105.35 .55 (7Fe92)

LONDON STOCK EXCHANGE

Equities sustain their trading range

By Terry Byland, UK Stock Market Editor

THE FLOOD of bad news on the corporate and economic fronts was stemmed yesterday by satisfactory inflation data and the UK stock market bounced convincingly after testing the lower end of its current trading range. The market fell heavily in early trading when BP came under renewed selling pressure, after a breakfast meeting with the board had done little or nothing to change the bearish views of analysts in the City of London; however, BP shares rallied later when the new session on Wall Street brought US buyers for stock in Britain's premier oil group.

Unsettled from the outset by the falls in US and Tokyo equity sectors, the London market followed the lead of the BP share price and a loss of 22 points brought the FT-SE Index to 2,500.6. Traders held their breath as this important support level was tested but, with an equally significant 2,520 mark on the FT-SE March futures contract successfully held, the stock market began to rally. BP bottomed out at the same time but continued to dominate the market by virtue of its very heavy turnover.

The latest retail price statistics, announced at mid-morning, indicated an annualised inflation rate of only 4.1 per cent in January, significantly better than most City expectations. The inflation statistics helped offset the announcement of a further fall in manufacturing and industrial production in December.

However, the market's losses were only partially recovered and the more convincing rally did not come until after Wall Steet opened the new session with a minor fall, and displayed support for BP shares. With Wall Street closed on Monday, London remained wary of the New York market, in spite of its 30.18 Dow fall on Thursday.

Trading volume in UK equities picked up significantly in the afternoon, when BP shares were no longer playing a leading role. The final reading put the FT-SE Index at 2,513.9, a net loss of 8.7 on the day and of 3.3 on the first week of the equity account.

Although unconvinced that this week's flow of economic distress will prompt a cut in base rates, equity strategists regained confidence after yesterday's rally in the Footsie from the 2,500 area. Long-dated UK government bonds lost half a point yesterday, but trading volume was not on any great scale.

"UK equities are good value at these levels from a purely domestic view," commented Mr Ian Harnett at Strauss Turnbull. But there is still concern over the outlook for Wall Street and also for Tokyo in the wake of its latest political scandals.

Account Dealing Dates

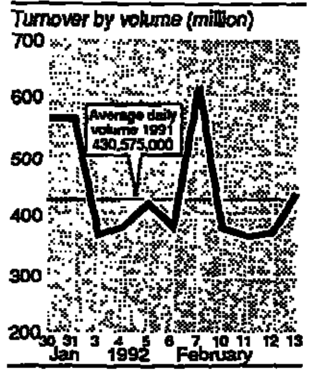
*First Dealings:		
Jan 27	Feb 10	Feb 24
Option Declarations:		
Feb 6	Feb 20	Mar 5
Last Dealings:		
Feb 7	Feb 21	Mar 6
Account Day:		
Feb 17	Mar 2	Mar 16

*New-time dealings may take place from 8.30 am two business days earlier.

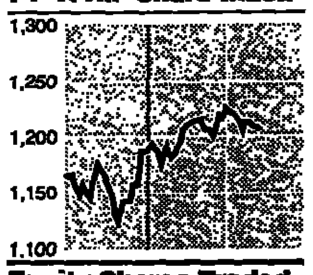
● Retail volume in equities has fallen heavily as political and economic worries proliferate and is now below last year's average daily levels.

London SE volume

Turnover by volume (million)

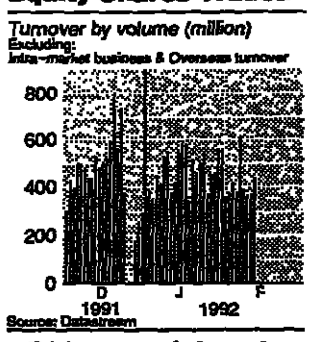


FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



Source: Datastream

FINANCIAL TIMES STOCK INDICES

	Feb 14	Feb 13	Feb 12	Feb 11	Feb 10	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	88.06	88.41	88.37	88.29	88.25	85.65	88.41 (13/2/92)	82.17 (2/1/91)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	101.03	101.17	101.17	100.93	100.96	93.95	101.17 (12/2/92)	90.59 (2/1/91)	105.40 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1950.8	1957.4	1963.3	1964.2	1958.9	1624.5	2108.3 (2/9/91)	1606.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	141.1	146.2	144.3	141.9	139.7	134.5	222.8 (11/7/91)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2513.9	2522.6	2523.7	2537.1	2538.4	2296.9	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1162.69	1168.11	1168.78	1172.23	1173.05	1055.85	1198.60 (3/9/91)	938.62 (16/1/91)	1198.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.69	4.66	4.65	4.65	4.66	5.25				
●Earning Yld %(full)	6.96	6.94	6.92	6.91	6.93	10.94				
●P/E Ratio(Net)(☆)	18.03	18.07	18.13	18.14	18.11	11.05				
SEAQ Bargns 4.45pm	30,114	28,451	26,978	28,302	29,384	37,105				
Equity Turnover(£m)†	-	1019.9	811.9	768.7	890.4	1641.38				
Equity Bargains†	-	28,201	26,694	28,172	29,108	37,962				
Shares Traded (ml)†	-	441.0	372.6	368.4	399.2	587.8				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 17.00

Ordinary Share Index, Hourly changes — Day's High 1953.6 — Day's Low 1942.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1946.7	1947.2	1950.5	1943.5	1946.8	1944.9	1948.0	1948.5	1949.3

FT-SE 100, Hourly changes — Day's High 2518.1 — Day's Low 2500.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2510.7	2510.7	2512.3	2503.0	2510.5	2509.1	2511.3	2509.2	2512.6

FT-SE Eurotrack 200, Hourly changes — Day's High 1165.24 — Day's Low 1159.30

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1165.24	1164.54	1161.67	1163.01	1162.53	1162.52	1163.68

GILT EDGED ACTIVITY

Indices*	Feb 13	Feb 12
Gilt Edged Bargains	86.1	74.1
5-Day average	83.2	82.1

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share Index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

Pressure on BP renewed

ACTIVITY in BP again dominated the market with shares in the oil company plummeting as the board met City analysts to discuss the fourth quarter figures announced on Thursday. The meeting failed to assuage worries in the UK market about the group's dividend paying ability.

BP shares slumped to 253p at their lowest point – immediately news began to filter out from the analysts meeting – but later stabilised and moved up strongly as American support appeared. At the close the stock price was 6 off at 268p.

Turnover reached a massive 62m shares, exceeding even the 40m traded on Thursday following the disappointing profits and dividend statement.

The market hit BP shares even before analysts attended the usual post figures breakfast meeting. Analysts left the meeting in sombre mood, some pointing out that the market would be wrong to underestimate the strength of the Horton-Simon-Browne-Seal management team at BP.

But most remained gloomy about prospects. One said it looked as if shareholders were set to take the pain after the BP management's attempts to reduce costs had failed. – "I got the feeling they're quite prepared to cut the dividend," said one. Another said he had gone to the meeting looking for reassurance and "come away with none."

Reuters advance

News and information organisation Reuters Holdings recovered nearly all the ground lost in its pre-results dip as investors reacted to a positive presentation in the US on Thursday afternoon.

The shares hit 1140p at one stage before easing to close 20 better at 1135p on heavier than normal turnover of 2.7m. A number of US analysts are believed to have increased their forecasts for the company's 1992 profits as hopes are pinned on an imminent announcement about the launch of Reuters' new Dealing 2000-2 automated trading system.

Advertising agency WPP Group picked up 25 to 83p reacting to heavy US buying overnight. WPP ended 46 per cent higher in New York on Thursday, with just over 1m shares traded.

Arjo Wiggins Appleton fell fell 16 to 233p following a 1992 profits forecast cut by securities house Williams de Broe.

Pearson eased a penny to 769p after announcing that it had sold its stake in Pickwick Group to Carlton Communications for £13.06m.

Pharmaceuticals firm Smith-Kline Beecham fell 18 to 937p on the back of heavy selling in New York. However, Glaxo gained 7 to 815p on expectations that it will report healthy profits of £700 to £725m next Thursday in first-half results that will be flattered by US dollar strength.

Nervousness ahead of full-year results on February 27 affected ICI which fell 17 to 1265p despite positive comment.

A presentation to analysts by Hanson which was described as "on the positive side of neutral", and which included confirmation of Lord White's successor, helped the shares to remain firm at 199½p. Lonrho firmed 2 to 127p on heavy turnover of 13m.

Shell retreated 11 to 467p, after 462p, as the market turned its eyes to Shell's figures next week. Turnover in Shell reached 14m, the highest single day's activity since the Iraqi invasion of Kuwait triggered a surge in oil prices. But specialists pointed out that the slide in Shell shares was unwarranted "Most of the problems at BP are purely BP specific," said one.

British Gas, on the other hand, attracted strong support, closing 1½ firmer at 240½p on turnoverof 6.7m as a number of institutions balked at the prospect of a dividend cut at BP and switched into Gas.

Bass was the leading feature of the brewing sector, rising 12 to 531p on turnover of 3.7m shares. This followed the apparent success of the company's presentations to institutions in Scotland.

Cider producers gained some relief from a decision, by the European Parliament, after a period of uncertainty about the drink's tax position. H.P. Bulmer rose 11 to 274p and unlisted stock Merrydown gained 5 to 380p after the European Parliament recommended that cider be given a duty category of its own, rather than being classified with wine.

In the food manufacturing sector, brokers Panmure Gordon and Salomon Brothers were fairly bullish about Dalgety, but the shares rose only 1 to 367p, on suggestions that growth in the consumer foods division is likely to be tempered by poor conditions in the flour milling market. Profits for the half-year to December 31 will be announced on Monday, and are expected to be around $52-55.5m, compared with £51.7m previously. A half-year dividend of 7.3p, against 7.15p has been forecast and earnings per share of around 17.6p compared with 16.9p.

Hillsdown Holdings fell 2 to 157p after its subsidiary Towers and Co, bought Tendercut Meats, a Southampton based meat products company, for an undisclosed sum. Earlier this week it was announced that Unigate had sold its chicken operation to Buxted Poultry, another Hillsdown subsidiary. Tate & Lyle gained 3 to 416p, recovering part of Thursday's losses resulting from profit downgrades by brokers.

Leisure group Ladbroke continued to attract attention ahead of its results next month. County NatWest is recommending a switch out of Rank Organisation prior to it going ex-dividend on February 24 for holders who have benefited from the rise in the shares since the results. The broker forecasts a 6 per cent dividend increase at Ladbroke and believes the group offers better short-term value. Rank lost a penny to 692p, while Ladbroke gained 1½ to 222½p.

Holiday groups Owners Abroad and Airtours rallied as the effect of Thursday's large placing in the latter receded. Traders also drew attention to growing optimism over Owners' figures due next week. Airtours rose 8 to 253p, while Owners added 5 to 114p.

A buyer of 1m shares in British Aerospace helped to swell the day's turnover to 5.4m as the shares hardened 3 to 271p. Nerves about the 1991 dividend have, however, surfaced in some quarters ahead of next week's results.

Dividend worries at Rolls-Royce sent the shares falling 3 to 137p late in the session. Securities house Smith New Court, believes, however, that "Rolls will hold the dividend."

Smiths Industries bounced from recent weakness to add 2 to 263p. The stock is the top buy in the aerospace sector for agency broker, Panmure Gordon, and is included in its engineering quarterly review received by investors yesterday.

P&O gave up another 13 to 378p as fears over the dividend and worries about Chelsfield, its joint venture partner in Pall Mall Properties continued. Volume reached 1.7m.

BAA recovred from from Thursday's falls, which followed a Kleinwort Benson profit downgrading. The shares firmed 4 to 565p with Kleinwort and County NatWest reported to be positive on the stock.

MARKET REPORTERS:
Christopher Price,
Peter John, Colin Millham,
Joel Kibazo, Steve Thompson.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 9.

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (68).
BRITISH FUNDS (3) Tr. 3pc 1992, Tr. 2pc IL 1994, Tr. 2pc IL 1996, AMERICANS (6) Dial Corp., Echlin Inc., Honeywell, Lowe's, Waste Management, Whirlpool, BREWERS & DISTILLERS (1) Holt (J), BUILDING MATERIALS (1) Epwin, CONGLOMERATES (2) Jardine Hldgs., Sime Darby, CONTRACTING & CONSTRUCTION (1) Maunders (J), ELECTRONICS (2) Hewlett-Packard, Macro 4, ENGINEERING GENERAL (4) Black & Decker, Halma, Powerscreen, Rotork, FOOD MANUFACTURING (4) Clarke, Dalepak, Taveners, Wessanen, FOOD RETAILING (2) Argyll, Park, HEALTH & HOUSEHOLD (3) Amersham, Paterson Zoch. A N/V, UniChem, HOTELS & LEISURE (2) Courtyard Leis., Tanjong, INSURANCE BROKERS (1) Berry Birch & Noble, INVESTMENT TRUSTS (7) Abtrust Prfd. Zero Prf., Brit. Assets 6pc Cv. 1995, Latin Amer. Extra Yield, Scot. Natl. Stppd. Prf., Scot. Value, Sphere Zero Prf., TR Tech. Zero Prf., MEDIA (6) Central ITV, Daily Mail A, Grampian TVA, Headline Book, News Corp., Scottish TV, MISCELLANEOUS (3) Headlam, Lionheart, Platignum, MOTORS (2) ABI Leis., European Motors, OIL & GAS (1) Evergreen Res., OTHER FINANCIAL (4) Edinburgh Fund Mangrs., S & U Stores, Secure Trust, Swire Pacific A, OTHER PACKAGING, PAPER & PRINTING (2) CMB Packaging, De La Rue, PROPERTY (1) HK Land, STORES (4) Betterware Cons. Prods., Hampden Homecare, Marks & Spencer, Oriflame, TELEPHONE NETWORKS (3) Securicor, Do. A N/V, Security Servs., TRANSPORT (2) Brit. Airways, TNT, MINES (1) MIM.

NEW LOWS (51).
BRITISH FUNDS (1) Tr. 9pc 2012, BREWERS & DISTILLERS (1) Hoskins, BUILDING MATERIALS (2) Blockleys, Latham (J), CHEMICALS (1) Sutcliffe Speakman, CONGLOMERATES (2) Ensor, Reace, CONTRACTING & CONSTRUCTION (3) Howard, Lawrence (W), Miskin, ELECTRONICS (2) Harland Simon, Radius, Standard Platform, ENGINEERING AEROSPACE (2) UMECO, Westland, ENGINEERING GENERAL (2) Jones & Shipman, Silverminex, FOOD MANUFACTURING (1) Hazlewood, HEALTH & HOUSEHOLD (1) Kynoch (G&G), HOTELS & LEISURE (2) Allied Leis., Sunleigh, INSURANCE BROKERS (3) Archer (A.J), JIB, Sturge, INSURANCE COMPOSITE (1) Gen. Accident, INVESTMENT TRUSTS (9) CST Emrg. Asia Wrmts., City of Oxford Inc., Drayton Eng. & Inc., JF Pacific Wrmts., M & G Inc., Murray Split Cap., River & Merc. Extra Inc. Wrmts., River Plate Cap., Scot. Natl. Cap., MISCELLANEOUS (3) Eurocopy, Fitzwilton, RPS, OIL & GAS (4) Aviva Petrlm., BP, Calor, Enterprise, PACKAGING, PAPER & PRINTING (1) Wentworth, PROPERTY (5) Anglo St. James, Derwent Valley, Hammerson A, London Securities, MEPC, STORES (1) Mallett, TEXTILES (1) Alex. Workwear, TRANSPORT (1) P & O Defd., MINES (1) Cluff Res.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	4	66	11	196	87	122
Other Fixed Interest	2	10	5	30	18	37
Commercial, Industrial	229	305	944	1,356	1,269	4,769
Financial & Property	73	228	491	656	687	2,621
Oil & Gas	20	21	50	95	113	251
Plantations	0	0	9	5	1	39
Mines	16	47	87	216	126	408
Others	53	33	35	283	155	164
Totals	397	710	1,632	2,837	2,456	8,411

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	0	408	-5	Cookson	97	114		Lucas	1,400	116		Shell Transport	14,000	467	-11
ASDA Group	9,600	38½	-½	Courtaulds	3,800	515		MB Caradon	694	259	-5	Siebe	852	550	-8
Abbey National	990	287	-2	Dalgety	110	367	+1	MEPC	639	363	-3	Slough Ests.	186	219	-3
Albert Fisher	588	88		De La Rue	198	539	+5	Manweb	159	309	-8	Smith (W H) A	487	443	-7
Allied-Lyons	1,700	619	-1	Dixons	796	236	+3	Marks & Spencer	5,000	316	+3	Smith & Nephew	1,600	145½	-½
Amstrad	1,800	27½	-½	ECC Group	413	437	-2	Midland Bank	2,900	274	-5	SmKl Beecham	990	937	-18
Anglian Water	846	368	+4	Eastern Elect.	2,100	240	-2	Midlands Elect.	2,300	271	-3	SmKl Beecham Uts.	638	[illegible]	[illegible]
Argos	691	265	-2	East Midland Elect.	907	253		NFC	997	236	-3	Smiths Inds.	149	263	+2
Argyll Group	1,900	316	+1	Enterprise Oil	1,700	412	-7	NatWest Bank	3,700	364	-5	Southern Elect.	1,500	271	-2
Arjo Wiggins	5,400	233	-16	Eurotunnel Units	606	451	-7	National Power	4,100	214		South Wales Elect	285	306	-5
Ass. Brit. Foods	68	450	-5	FKI	900	81	+½	Next	1,000	65½	-1	South West Water	1,100	345	-1
BAA	568	565	+4	Ferranti	1,500	6¼	+¼	North West Water	1,400	377	+6	South West Elect.	378	279	-6
BAT Inds.	2,600	653	+11	Fisons	1,800	381	-10	Northern Elect.	560	275	-1	Southern Water	708	334	+3
BET	1,800	157	+4	Forte	1,800	221½	-½	Northern Foods	156	580		Standard Chartd.	120	438	-3
BICC	626	323	-4	Gen. Accident	909	413	+7	Norweb	454	297	-5	Storehouse	708	107	+1
BOC	2,400	633	+2	General Elect.	1,300	204½	-2	Pearson	577	769	-1	Sun Alliance	2,800	273	
BPB Inds.	3,500	151	+7	Glaxo	2,600	815	+7	P & O	1,700	378	-13	T&N	1,200	109	
BTR	6,100	403	+4	Glynwed Int.	473	300	-4	Pilkington	656	126	+3	TI Group	486	378	+7
Bank of Scotland	411	108	-½	Granada	2,300	228	-4	PowerGen	3,700	232	+2	TSB	1,100	122	
Barclays	3,700	377	-5	Grand Met.	911	937	+4	Prudential	2,300	228	-3	Tarmac	1,300	122	+3
Bass	3,800	531	+12	GUS A	423	1430	+2	RHM	2,300	220		Tate & Lyle	1,500	416	+3
Berisford Int.	1,400	22½		GRE	1,800	119	-1	RMC	758	585	+2	Taylor Woodrow	677	113	+6
Blue Circle	426	257		GKN	1,400	319	+6	RTZ	1,000	518	-4	Tesco	5,700	249	+2
Booker	752	458		Guinness	2,300	568	-4½	Racal	10,000	53½		Thames Water	1,600	373	+6
Boots	1,300	452	+1	Hammerson 'A'	42	443		Rank Org.	1,900	692	-1	Thorn EMI	1,500	804	-6
Bowater	261	747	-3	Hanson	9,000	199½	+2	Reckitt & Colman	338	847	-5	Tomkins	1,800	444	+8
Brit. Aerospace	5,400	271	+3	Hanson Warrants	8,400	16½	+¼	Redland	293	474	+3	Trafalgar House	3,000	138	+3
British Airways	3,700	254	-2	Harrisons Crosfield	851	105	-1	Reed Intl	577	531	+2	Ultramar	72	330	-13
British Gas	6,700	240½	+1½	Hawker Sidd.	6	783	-2	Rentokil	303	302	-3	Unigate	1,500	260	+2
British Land	719	246	-2	Hillsdown	153	157	-2	Reuters	2,700	1135	+20	Unilever	767	919	-3
BP	60,000	268	-6	IMI	349	236		Rolls Royce	3,900	137	-3	United Biscuits	1,300	404	+3
British Steel	2,400	74	-1	ICI	2,000	1265	-17	Rothmans	143	1056	-8	Utd Newspapers	367	362	-1
British Telecom	3,800	332½	-2½	Inchcape	636	435	+5	Ryl Bk Scotland	921	188		Vodafone	1,900	348	-3
Br. Telecom New	5,400	222	-2	Kingfisher	1,300	532	-17	Royal Insurance	1,200	332	-4	Warburg (SG)	309	579	-2
Bunzl	427	81	-1	Ladbroke	2,600	222½	+1½	Saatchi	3,200	14¼	+½	Wellcome	443	1112	-5
Burmah Castrol	172	495	+3	Land Securities	795	455	-3	Sainsbury	802	372		Welsh Water	1,100	385	
Burton	3,400	34½	-1	Laporte	186	586	-4	Scottish & New	1,300	432		Wessex Water	194	414	
Cable & Wire.	2,000	582	-10	Legal & General	2,400	351		Scot. Hydro-Elect.	4,800	104	+2	Whitbread 'A'	1,100	442	+4
Cadbury Schweppes	1,700	460	+1	Lloyds Abbey	1,500	398	+3	Scottish Power	4,500	101½	+2	Williams Hldgs.	1,200	315	-3
Calor Group	13	183	-1	Lloyds Bank	1,100	391	-3	Sears	1,900	100		Willis Corroon	388	243	+1
Carlton Comms.	634	543	-11	LASMO	3,700	218	-10	Sedgwick	869	208	+1	Wimpey	233	111	+1
Coats Viyella	378	179	-1	London Elect.	1,700	268	-3	Seeboard	575	266	-4	Yorkshire Elect.	889	313	-4
Comm. Union	205	495	-2	Lonrho	13,000	127	+2	Severn Trent Water	1,300	345	-4	Yorkshire Water	752	394	-3

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

A CLUTCH of UK and US economic indicators failed to revive dull and directionless trading in stock index futures, writes Chris Price and Joel Kibazo.

After opening at 2,526, the March contract had retreated to 2,518 by mid-morning as independent traders unwound overnight positions. The release of UK inflation figures helped steady March, although the revival was tempered by the publication of poor UK output statistics.

But a disappointing opening on Wall Street following a weak performance in the bond market dragged the contract lower, while the release of better than expected US factory gate prices failed to impress.

However, March followed Wall Street's mid-afternoon bounce, and a brief rally was seen before the official close. March closed at 2,530, down 5 on the previous session and around 6 points above its estimated fair value premium to cash of about 10. Turnover reached 8,416.

In LTOM, good two-way business gave rise to improved volume of 27,949 contracts. The FTSE-100 option traded 10,912. BP was the busiest stock option, as traders continued to reflect on Thursday's poor results. It traded 3,514 lots.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	98.9468	+0.192	10.16	10.17	9.70
BELGIUM		9.000	08/01	101.7500	-0.250	8.71	8.64	8.65
CANADA *		8.500	04/02	100.2000	-0.350	8.47	8.24	8.15
DENMARK		9.000	11/00	102.4500	-0.220	8.58	8.52	8.48
FRANCE	BTAN	8.500	03/97	98.8258	-0.154	8.78	8.66	8.62
	OAT	8.500	11/02	99.8200	-0.230	8.50	8.44	8.36
GERMANY		8.000	01/02	100.5200	-0.370	7.92	7.87	7.88
ITALY		12.000	02/02	98.2100	-0.220	12.31	12.27	0.00
JAPAN	No 119	4.800	06/99	94.8940	-	5.79	5.71	5.62
	No 129	6.400	03/00	105.3057	-0.033	5.45	5.36	5.40
NETHERLANDS		8.250	02/02	99.5200	-0.310	8.32	8.31	8.22
SPAIN		11.300	01/02	102.6700	-0.080	10.83	10.86	10.99
UK GILTS		10.000	11/96	101-28	-9/32	9.46	9.50	9.71
		9.750	08/02	102-19	-11/32	9.36	9.36	9.50
		9.000	10/08	98-18	-12/32	9.17	9.17	9.24
US TREASURY *		7.500	11/01	100-16	-8/32	7.43	7.12	7.06
		8.000	11/21	100-24	-3/32	7.93	7.71	7.58

London closing, *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal. Technical Data/ATLAS Price Sources

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1991 based on Thursday February 13 1992

Water	+	10.27	500 Share Index	+	2.21
Merchant Banks	+	7.95	Contracting, Construction	+	2.17
Building Materials	+	7.30	Transport	+	2.01
Stores	+	6.90	All-Share Index	+	1.78
Metals & Metal Forming	+	6.73	Other Groups	+	1.67
Media	+	6.48	Food Manufacturing	+	1.64
Electricals	+	6.26	Banks	+	1.53
Hotels & Leisure	+	6.10	Investment Trusts	+	1.44
Engineering-General	+	5.83	Telephone Networks	+	0.71
Chemicals	+	5.73	Health & Household	+	0.64
Brewers & Distillers	+	5.67	Insurance Brokers	-	0.25
Motors	+	4.79	Electricity	-	0.56
Food Retailing	+	4.70	Business Services	-	1.13
Capital Goods	+	4.69	Financial Group	-	1.26
Other Industrial Materials	+	4.60	Conglomerates	-	2.53
Gold Mines Index	+	4.35	Property	-	2.90
Electronics	+	4.25	Engineering-Aerospace	-	3.40
Packaging, Paper & Printing	+	4.22	Oil & Gas	-	5.97
Textiles	+	4.18	Insurance (Life)	-	6.06
Consumer Group	+	3.83	Insurance (Composite)	-	8.48
Industrial Group	+	3.33			

APPOINTMENTS

To Bristol, with ice

Harveys of Bristol, the world's largest sherry company, is to have, from March, a new managing director who comes from Hiram Walker, the Canadian wines and spirits group acquired by Allied-Lyons, Harvey's parent, six years ago.

Ian Hannah, 45, brand manager of Croft sherry back in the 1970s, is delighted to be looking after the brand-leader Bristol Cream rather than "the pretender". He replaces Antonio Filipe, who is retiring after just a year in the job.

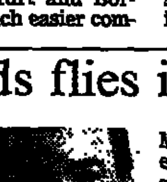
A man who thinks Bristol Cream "chilled with ice is a very nice drink". Hannah says that Harveys, which had been allowed to operate very independently within Allied Lyons, is now being progressively integrated into the Hiram Walker division.

Hannah's main concern is with sherry's old-fashioned image: "It is a very attractive taste, and if only people didn't know it was sherry they would think it a sensational new drink." Closely involved with Smirnoff's "the effect is shattering" campaign in the 1970s, he plans to "rejuvenate the category, make it more contemporary".

For the past four years he has been managing director of European Cellars International, the French and German wine interests of Hiram Walker. "Frankfurt and Bordeaux were a much easier commute than Jerez will be," he says, anticipating the difficulty of shuttling between Spain, the production, blending and storage location, and Bristol, seat of Harvey's worldwide sales and marketing effort.

Although not a Spanish-speaker yet, Hannah is "going into deep immersion soon".

Edwards flies in to Lucas



Lucas Industries, the automotive and aerospace group, has broken with its past by picking a non-automotive man and a relative newcomer to the group, Tony Edwards, to be group managing director.

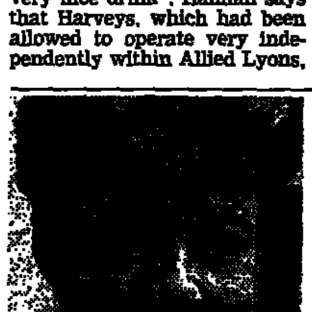
The promotion of Edwards, 47, to be heir-apparent to Sir Anthony Gill, who has headed the group since 1987, will be seen in the City as a signal that Lucas intends to shake up its rather inbred and conservative management team. Edwards, managing director of Lucas's aerospace side, has been with the group less than two and a half years and has leap-frogged Bob Dale, a Lucas veteran who heads the much bigger automotive side.

Sir Anthony, aged 61, plans to stay on as chairman until the end of 1994 but will hand over the chief executive role earlier at a date to be agreed.

Meanwhile, another Lucas veteran, Bryan Mason, 52, the personnel director, has been appointed to the board.

Edwards, who started as a university apprentice with Rolls-Royce before spending 14 years with General Electric of the US, is a well regarded figure in the international aerospace industry. He has transformed Lucas Aerospace from three separate nationally-based companies into a leading player in Europe's aerospace components sector. Analysts are now hoping that he will be able to work the same sort of magic on the group's traditional automative side where progress has been slower.

In common with many Midlands-based companies, Lucas Industries has been hit by the recession; pre-tax profits fell from a peak of £191.2m in 1990 to £83.6m last year. However, Edwards is being seen as the man who can make the most of Lucas's undoubted recovery potential.



Jennie Emerson, one of the few women to reach board level in the UK oil industry, has joined the government's Offshore Industry Exports Advisory Group. Emerson, 36, is director of international operations at Tristar Oilfield Services in Dundee where she has established new business ventures in Singapore and Nigeria.

She becomes the first woman to be appointed to the OIEAG which is headed by Colin Moynihan, oil minister, and which promotes the export of UK oil services equipment.

Constructive careers

■ Eric Frondigoun has been appointed chairman of MYTON following the retirement of Dennis Rogers.

■ Michael Walker has been appointed md of BOVIS ENGINEERING following the retirement of Ron Mead.

■ Glyn Cartwright is appointed sales director of IG LINTELS.

■ Stuart Doughty has been appointed chairman of ALFRED McALPINE International and Construction Services.

■ Michael Lindsay, formerly of Guinness Mahon, is appointed md of MARSTON HOUSE.

■ Phil Cleaver is promoted to be md of Rosser & Russell, NORWEST HOLST's building services company.

■ AMEC has appointed Joe Lock as md of Watson Steel and Robert Redgate as financial director.

■ David Kay, president of the Sheffield Association of the Building Employers' Confederation, is promoted to the board of M J GLEESON.

■ Brian Devenish has been appointed md of TRAFALGAR HOUSE Construction (Major Projects).

■ Stewart Mandsley has been appointed md of BM TIMBER PRODUCTS; he was formerly commercial director of D Wickham, another BM group company. Pat Moore is appointed deputy md of Birchwood Concrete Products.

■ Bernard Noyes is appointed md of Trent Jetfloor, a subsidiary of MARSHALLS.

■ Tony Lucas, until recently chief executive of Monk, has been appointed md of AMEY CONSTRUCTION.

■ Richard Buxster is promoted to md of TROLLOPE & COLLS CONSTRUCTION; he succeeds Mike Allen who becomes chairman.

COMMODITIES

WEEK IN THE MARKETS

Russia remains focus for metals

THE ATTENTION of London Metal Exchange aluminium and nickel traders remained focused on Russia this week as concern over production problems in the newly-independent republic lifted prices of both metals.

The LME cash aluminium price closed yesterday at a seven-month high of $1,287.50 a tonne, up $33 on the week, while the cash nickel price recovered from an early fall to end $135 up on the week at $8,030 a tonne.

Aluminium prices had risen late last week in response to a Moscow diplomat's statement that the flood Russian metal that had been depressing the market was over. And late this week the market was given a fresh boost by a threat to Russian exports because of the impact of new export regulations.

The management at Krasnoyarsk, the world's second largest aluminium smelter, warned this week that it would start to shut down the plant's export sector – accounting for about a third of its 800,000 tonnes annual output – from February 25 unless the government revised regulations increasing export duties and enforcing the conversion into roubles of half the plant's hard-currency earnings.

Few LME traders saw much prospect of the threat being carried out, however. In view of the country's hunger for hard currency, most were confident that the regulations would be relaxed.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+4,725	to 1,076,875
Copper	-1,750	to 305,850
Lead	+50	to 131,700
Nickel	-8	to 18,744
Zinc	+2,425	to 177,575
Tin	+135	to 13,100

Russia's Norilsk, the world's biggest nickel producer, has also complained about the regulations, but this had nothing to do with a decision, announced yesterday, to cut production and exports, the plant's first deputy chairman said yesterday. "We decided to reduce the amount of nickel we export because world prices are very low. . . This means we can afford to reduce production levels as well," said Mr Boris Kazakhov.

Norilsk's annual output is estimated by western experts at about 250,000 tonnes a year.

LME nickel prices, which had already recovered most of their earlier falls, responded to yesterday's announcement with big rises, the cash and three months positions closing respectively $180 and $162.50 a tonne up on the day.

The copper market also put in a creditable performance, cash metal ending £64 higher on the week at £1,254 a tonne. But traders were not convinced that the advance, which they attributed to technical factors, was sustainable. They suggested that fresh consumer interest would be needed to maintain the rally, which ran into stiff resistance at the equivalent of $2,230 a tonne for three months metal.

Tin prices built on last week's strength as good demand for high quality metal combined with concern over Brazilian and Malaysian shipment delays to push cash metal up $150 a tonne on Monday and Tuesday. But the resulting six-month high seems to have been the signal for widespread profit-taking, and by yesterday's close the gained had been trimmed to $70 on the week, at $5,640 a tonne. Traders noted, however, that sentiment continued to be supported by fears of supply tightness for April delivery.

The only LME metal to lose ground was zinc, which continued to suffer from the build-up in LME warehouse stocks.

It was confirmed yesterday that there had been no production this year at the lead/zinc plant in Trepca, Yugoslavia, because of production and labour problems. But an official said full production would be resumed in March. The plant has capacity to produce 70,000 tonnes of zinc and 110,000 tonnes of lead annually. In the zinc market the response was a modest $4.50 price rise for cash metal to $1,125.50 a tonne, down $15.50 on the week, while cash lead lost half an earlier technical rise to end £3 up on the week at £282 a tonne.

At the London Futures and Options Exchange sentiment became increasingly bearish as traders suggested the projected 1991-92 production deficit might be smaller than expected and noted that deliveries to ports in the Ivory Coast, the biggest producer, continued to be higher than expected. A £4 rally yesterday lifted the May delivery price from a six-month low but still left it £10 down on the week, at £698 a tonne.

Coffee prices were steadier until fund selling pushed the London robusta May futures price through a key support area at $880 a tonne yesterday morning to touch $876 a tonne. But roaster buying was attracted at that level and the price ended at $888 a tonne, up $2 on the week.

Richard Mooney

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (▼) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (◆) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 – 379 – 0444.

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Sovereign Unit Tst Mngrs Ltd (1000)F

Standard Chartered Equitor (1200)F

Standard Life Tst Mgmt Ltd (0629)H

Funds in Court*

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Lazard Brothers & Co. Ltd

Lazard Investors Ltd ‡‡

Allied Dunbar Assurance Plc

Century Life Plc

Eagle Star Life Assurance Co Ltd

Guardian Royal Exchange – Contd.

Liberty Life Assurance Co Ltd

Life Association of Scotland

Mercury Life Assurance Co Ltd

Midland Life Limited

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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Norwich Union Asset Management Ltd
PO Box 140, Norwich NR3 1PP 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	72.9	76.7	-0.4	-
Stock Market Mngd Fund	72.2	76.1	-0.2	-
Equity Fund	80.2	84.5	-0.4	-
International Fund	63.6	66.9	-0.3	-
European Fund	65.6	69.0	+0.3	-
North American Fund	74.9	78.8	-0.1	-
Pacific Fund	69.5	73.2	+0.2	-
Property Fund	77.1	81.2	.....	-
Fixed Interest Fund	63.7	67.1	-0.1	-
Index Linked Sec Fund	64.2	67.6	-0.1	-
Deposit Fund	73.3	77.2	.	-
NUAM Retirement Plans				
Mixed Fund	81.0	85.3	-0.5	-
UK Ordinary Share Fd	93.7	98.6	-0.7	-
International Fund	67.8	71.4	+0.3	-
Property Fund	84.6	89.0	.....	-
Fixed Interest Fund	79.5	83.7	-0.1	-
Index Linked Sec Fund	68.7	72.3	-0.2	-
Deposit Fund	88.3	92.9	.....	-
NUAM (MF)				
Managed Fund	1026.8	1080.9	-4.8	-
Equity Fund	2188.5	2303.7	-13.8	-
International Fund	168.4	177.3	-0.6	-
Property Fund	490.2	516.0	.....	-
Fixed Interest Fund	479.1	504.4	-1.1	-
Index Linked Sec Fund	65.6	69.1	-0.1	-
Deposit Fund	302.4	318.4	.....	-

Norwich Union Life Insurance Soc.
Surrey Street, Norwich NR1 3NG 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
Unitised Life				
With Profits Fd	119.68	125.98	+0.03	-
Managed Fd	100.41	105.70	-0.33	-
UK Ord Share Fd	104.55	110.06	-0.70	-
International Fd	92.68	97.56	-0.35	-
European Fd	89.31	94.01	+0.40	-
North American Fd	104.23	109.72	-0.14	-
Pacific Fd	83.27	87.65	+0.21	-
Property Fd	90.15	94.89	-0.07	-
Fixed Int Fd	114.18	120.19	-0.26	-
Intl Bond Fd	112.22	118.13	+0.38	-
Deposit Fd	118.56	124.80	+0.02	-
Unitised Pensions				

Providence Capital Life Assc. Co Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Broker Funds				
High Performance	75.9	80.0	+0.1	-
Towerhill Mngd Fd Acc	38.8	40.9	....	-
YRA Executive Fd	99.9	105.3	-0.1	-
£ Global Growth Acc	132.0	139.2	-0.3	-
£ High Income Money Acc	146.8	154.8	+0.1	-
JM Balanced		54.0	....	-
H F Speculator Fd		193.6	+1.2	-
AAFS Int Man Fund		125.7	+0.3	-
Andrews-Green Inv Port		88.2	-0.3	-
Individual Pension Funds				
UK Equity Acc	235.6	248.6	-2.9	-
UK Fixed Interest Acc	254.5	268.5	+0.1	-
Intl Equities Acc	231.3	244.0	-0.5	-
UK Managed Acc	186.9	197.1	-1.4	-
Property Acc	204.2	215.5	—	-
Money Acc	173.1	182.6		-
Special Market Acc	252.7	266.6	+1.0	-
Japan Equity Acc	143.9	151.8	-1.3	-
North American Acc	140.7	148.5	+0.6	-
Pacific Acc	180.4	190.3	+1.1	-
Technology Acc	191.0	201.5	-0.4	-
Natural Resources Acc	89.2	94.1	....	-
European Acc	116.1	122.5	-0.3	-
Residential Prop Acc	92.3	97.4	.....	-
Swiss Equities Acc	33.5	35.4	-0.4	-
Hong Kong Acc	79.5	83.9	+0.8	-
UK High Inc Equ Acc	76.0	80.2	-0.8	-
Int. Fixed Interest Acc	67.1	70.8	....	-
Int. Managed Acc	59.6	62.8	-0.1	-
Group Pension Funds				
Equity Acc	836.7	862.6	-3.5	-
Fixed Interest Acc	756.4	779.8	+0.2	-
Managed Acc	134.0	136.6	-0.5	-

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Gold Range (Pensions)				
Discretionary Fund		130.2		-
Equity Fund		121.8	-0.3	-
Fixed Interest Fund		150.6	+0.1	-
International Fund		112.9	+0.3	-
Property Fund		141.0		-

Royal Heritage Life Assurance Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Perpetual Funds				
International Growth	110.0	115.8	-0.2	-
Income	104.1	109.6	-0.4	-
American Growth	151.1	159.1	-0.8	-
Intl Emerging Cos	131.0	137.9	-1.4	-
Far East Growth	155.9	164.2	+0.5	-
European	133.2	140.3	-1.1	-
Managed	131.2	138.2	-0.1	-
TSB Funds				
Income	101.7	107.1	-0.9	-
Managed	138.4	145.7	-0.1	-

Royal Life Insurance Ltd
New Hall Place, Liverpool L69 3HS 051-239 3000

	Bid Price	Offer Price	+ or -	Yield Gross
Royal Shield Fd	717.1	758.8	.....	-
Royal Life (Unit Linked Assurances) Ltd				
Managed Fund	288.9	304.1	-1.1	-
Equity Fund	395.5	416.3	-2.1	-
Property Fund	237.8	250.3	+1.0	-
International Fund	325.3	342.4	-0.8	-
Gilt Fund	281.6	296.4	-0.5	-
Money Fund	196.7	207.0	.....	-
United States Fund	165.3	174.0	-0.2	-
Pacific Basin	179.7	189.1	-0.2	-
Royal Life (Unit Linked Pension Fds) Ltd				
Exempt Man Fd Acc	332.1	349.5	-1.1	-
Exempt Equity Fd Acc	608.3	640.3	.....	-
Exempt Prop Fd Acc	243.7	256.5	.....	-
Exempt Intl Fd Acc	495.5	521.5	.....	-
Exempt Gilt Fd Acc	320.7	337.5	.....	-
Exempt Money Fd Acc	261.2	274.9	.....	-

Royal Liver Assurance
Royal Liver Building, Liverpool, L3 1HT. 051 236 1451

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity	62.0	65.3	.....	-
Global Equity	45.7	48.1	.....	-
High Yield	52.4	55.2	.....	-
Intl Equity	56.8	59.8	.....	-
Fixed Interest	62.4	65.7	.....	-
Money	68.6	72.2	.....	-
Managed	61.2	64.4	.....	-
Pensions				
UK Equity	64.1	67.5	.....	-
Global Equity	42.8	45.0	.....	-
High Yield	52.3	55.0	.....	-

Skandia Life Assurance Co Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Skandia Pension Managed Funds				
Balanced Managed	413.8	435.5	(z)	-
Cautious Managed	115.5	121.5	(z)	-
Deposit	389.9	410.4	(z)	-
Equity	462.9	487.2	(z)	-
International	399.5	420.5	(z)	-
International Bond	105.7	111.2	....	-
Intl Recovery	214.1	225.3	(z)	-
Gilt Plus	408.5	430.0	(z)	-
Guaranteed Fd 1996	74.6	78.5	(z)	7.44

Target Life Assurance Co Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Alpha Pension Funds				
UK Alpha		197.2		-
US Alpha		95.5	-0.8	-
Gilt Alpha		72.7	-0.3	-
Gold Alpha		54.7	-0.8	-
Japan Alpha		55.2	-0.7	-
US Dollar Alpha		65.2	+0.3	-
Yen Alpha		58.2	+0.2	-
DM Alpha		71.0	.....	-
European Alpha		67.9	-0.3	-

Isle of Man Assurance Ltd
Derby Hse, Athol St, Douglas, IoM 0624 624141

	Bid Price	Offer Price	+ or -	Yield Gross
Clarion Bond	£-	1.03	.....	-
Holiday Property Bond	£0.86	0.87	.....	-
Petrus Bond	$0.98	1.00	.....	-

NEL Britannia International Ltd
PO Box 119, St Peter Port, Guernsey 0481 25731

	Bid Price	Offer Price	+ or -	Yield Gross
£ Pens Managed Gwth	£0.878	0.944	.....	-
$ Pens Managed Gwth	$1.021	1.098	.....	-

Roxborough Financial Management Ltd
6 Broad St Pl, Blomfield St, EC2M 7JH 071-628 9222

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fd (MII)	107.4	113.0	-0.2	-
Pension Managed (MII)	107.3	112.9	-0.2	-
Discretionary Fd (MII)	139.4	146.7	+0.2	-
Discretionary Pens Fd (MII)	109.3	115.0	+0.1	-
Multi-Trust Fd (SKX)	98.5	103.6	(z)	-
Multi-Trust Pension Fd (SKX)	—		..	-
Master Fund (SM)	134.7	141.8	(z)	-
Pension Protector Fd (PR)	95.1	100.2	.....	-

For Rutland Ins see Atticus Inv Services

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
Baring Mutual Fund Mngmt (Ireland) Ltd				
New Asian Fund	$99.92		..	0.00
Federated International Funds Plc				
Federated Short-term US Gov't Securities Fund				
Institutional Svc Series*	$1.00		...	3.78
Investment Series*	$1.00		...	3.68
Investment Cash Series	$100.24		+0.01	4.11

* Annualised Yield

ISLE OF MAN (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Allied Dunbar Intl Fund Mgrs (1600)F						
Lord Street, Douglas, IoM 0624 661551						
ADI Managed(z)	5	[illegible]	0.5985	0.6288	[illegible]	2.3
ADI Mgd Currency(z)	5	[illegible]	0.3949	0.4161	[illegible]	5.5
ADI W'wide Eq(z)	5	[illegible]	0.6708	0.7144	[illegible]	1.08
ADI Nth Amer Gth(z)	5	[illegible]	0.8634	0.9197	[illegible]	0.01
ADI Far East (z)	5	[illegible]	1.1111	1.1839	[illegible]	1.12
ADI Gilt & Income(z)	5	[illegible]	0.2507	0.2644	[illegible]	8.62
ADI UK Cap Gth (z)	5	[illegible]	0.2211	0.2354	[illegible]	3.44
ADI Europe Fd (z)	5	[illegible]	1.1594	1.2531	[illegible]	1.99

For conversion Prices of Shares Phone: 0624 662840

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Asset Global Funds Ltd (1200)						
Victory Hse, Prospect Hill, Douglas, IoM 0624 620097						
European Equity	5	[illegible]	13.6260	14.57	+0.81	-
UK Gilt	5	[illegible]	10.1860	10.72	...	-
Intl Equity	5	[illegible]	14.318	15.25	+2.02	-
International Bond	5	[illegible]	5.2972	5.586	[illegible]	-
American Managed	5	[illegible]	.9652	1.0114	[illegible]	0
European Bond	5	[illegible]	1.0072	1.06	[illegible]	-
Sterling Cash Inc	5	[illegible]	.9624	1.0114	[illegible]	-
International Bond	5¼	[illegible]	.8951	.9463	[illegible]	-
ECU & DM Bond	5¼	[illegible]	1.0072	1.0639	[illegible]	-

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Barclays Intl Funds – Contd.						
Bond Funds						
Sterling Bond		£0.425	0.441		...	10.6
US Government Income		$100.16	103.72		...	6.7
Asian Selection Funds						
Hong Kong		$15.285	16.087		(z)	3.0
Indonesia		$8.525	8.974		(z)	2.5
Korea		$10.126	10.659		(z)	2.5
Malaysia		$11.108	11.693		(z)	0.5
Philippines		$12.336	12.985		(z)	2.5
Singapore		$11.886	12.512		(z)	1.0
Thailand		$13.541	14.254		(z)	2.5
South East Asia		$13.064	13.752		(z)	3.0
US Dollar Liquidity		$9.630	10.112		(z)	3.4
Cater Allen Investment Management (CI)						
CA Gilt Income		£6.47	6.77		—	14.77
CA Gilt & Futures		£1.004	1.057		—	7.57
CA Equity Gwth		£3.78	4.12		—	3.40
Citibank (CI) Ltd "CitiFunds"						
Liquidity Funds						
Deutschmark			DM30.656		+0.007	-
Yen			Y3041.441		+0.425	-
Sterling			£12.427		+0.003	-
US Dollar			$18.413		+0.001	-
Managed			$18.622		+0.012	-
Short term Investment Funds						
Irish £ Feb 13			115.068		+0.191	-
Equity Funds						
Global Equity			$27.438		-0.075	-
Japan Equity Feb 13			$8.850		-0.268	-
European Equity Feb 17			$15.373		+0.026	-
US Em High Feb 17			$26.894		-0.630	-
US Em Tech Feb 17			$23.039		+0.566	-
Chilcare Feb 17			$41.242		-0.982	-
Bond Funds						
Global Bond			$16.414		-0.093	-
GNMA Bond Feb 17		$14.610	14.617		+0.024	-
HYB (A) Feb 17			$86399.143		+485.840	-
EBC Trust Company (Jersey) Ltd						

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

	Bid Price	Offer Price	+ or -	Yield Gross
Yamaichi Advanced Technology Fd				
Advanced Tech	$19.46		...	-
Yamaichi 1992 OMNI Fund SICAV (a)				
NAV	$9.95	10.00	...	-

SWITZERLAND (SIB RECOGNISED)

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

	Bid Price	Offer Price	+ or -	Yield Gross
Genesis Fund Managers Ltd				
Chile Fd NAV Jan 31	$– 27.89		...	-
Emerging Mkts Jan 31	$– 19.78		...	-
Malaysia Mkt Feb 14	$– 10.23		+0.25	-
Condor Fd Jan 31	$– 15.86		...	-
Gertrust SA				
Samurai Portfolio	SFr257.00	280.30	...	-
Global Asset Management				
GAMerica	$305.36		-0.42	-
GAM Arbitrage	$297.96			-
GAM ASEAN	$204.88		+0.98	-
GAM Australia	$146.03		...	-

[illegible]

	Bid Price	Offer Price	+ or -	Yield Gross
North Star Fund Managers – Contd.				
High Security Fd	DM177.0	178.0	+2	-
High Income Fd	£12.3	12.4	+0.10	-
Dollar Growth Fd	$1.44	1.45	+0.02	-
Dollar Income Fd	$1.21	1.22	+0.01	-
North Star International Currency Fund				
US Dollars	$14.9	15.00	+0.40	-
Pound Sterling	£16.3	16.40	+0.40	-
Deutschmark	DM156.0	157.0	+4	-
Japanese Yen	Y1470.0	1480.0	+40	-
Danish Kroner	DKr161.0	162.0	+4	-
Swiss Franc	SFr169.0	170.0	+5	-
French Franc	FFr157.0	158.0	+4	-
Swedish Kroner	SKr103.0	104.0	+3	-

[illegible]

MANAGED FUNDS NOTES

[illegible]

WORLD STOCK MARKETS

US MARKETS (3:00 pm)

CANADA (3:00 pm)

INDICES

NEW YORK

DOW JONES	Feb 13	Feb 12	Feb 11	Feb 10	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3246.65	3276.83	3251.57	3245.08	3276.83 (12/2)	3172.41 (2/1)	3276.83 (12/2/92)	41.22 (2/7/32)
Home Bonds	99.06	99.22	99.25	99.45	99.81 (6/2)	98.77 (3/2)	99.81 (6/2/92)	54.99 (1/10/81)
Transport	1386.21	1405.64	1390.32	1388.83	1445.81 (16/1)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	208.12	209.94	208.69	207.44	225.59 (3/1)	206.25 (7/2)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3296.74 (3291.37) Low 3226.07 (3233.68)

STANDARD AND POOR'S

	Feb 13	Feb 12	Feb 11	Feb 10	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	413.69	417.13	413.76	413.77	420.77 (15/1)	408.78 (31/1)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	492.30	496.32	492.03	492.51	499.27 (15/1)	485.57 (31/1)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.29	34.62	34.21	34.26	35.14 (15/1)	33.53 (31/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	228.73	230.54	228.94	228.93	231.85 (15/1)	226.20 (31/1)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	415.27	418.99	415.46	415.14	418.99 (12/2)	395.51 (2/1)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	639.10	644.92	633.37	634.13	644.92 (12/2)	586.45 (2/1)	644.92 (12/2/92)	54.87 (31/10/72)

	Feb 7	Jan 31	Jan 24	year ago (approx.)
Dow Industrial Div. Yield	2.87	2.88	2.87	3.57

	Feb 12	Feb 5	Jan 29	year ago (approx.)
S & P Industrial div. yield	2.54	2.56	2.59	2.91
S & P Indl. P/E ratio	25.61	25.43	25.10	17.89

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Chrysler	4,523,400	15¼	+ ¼
Glaxo	3,971,200	29	- ¼
Healthtrs	2,768,800	20¼	- 1¼
BP	2,622,900	59¼	- 3¼
Ford Motor	2,558,600	35¼	+ ¼
Hanson	2,557,300	17¼	- ½
Enhance FI	2,240,000	19¼	...
Am T & T	2,201,400	38	...
Unisys	2,144,700	9½	...
Gen Motors	2,044,700	36½	+ ¼

TRADING ACTIVITY

† Volume Millions	Feb 13	Feb 12	Feb 11
New York SE	229.360	230.230	200.110
Amex	17.308	22.801	19.850
NASDAQ	260.995	253.452	214.328
NYSE			
Issues Traded	2,188	2,184	2,196
Rises	595	1,085	950
Falls	1,116	633	757
Unchanged	477	466	489
New Highs	112	139	115
New Lows	11	11	8

CANADA

TORONTO	Feb 13	Feb 12	Feb 11	Feb 10	1992 HIGH	1992 LOW
Metals & Minerals	3076.13	3068.20	3031.08	3037.21	3238.87 (16/1)	2936.22 (2/1)
Composite	3581.76	3595.83	3597.85	3608.50	3666.00 (16/1)	3493.66 (2/1)
MONTREAL Portfolio	1878.66	1894.08	1882.53	1890.29	1937.59 (16/1)	1856.55 (2/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Feb 14	Feb 13	Feb 12	Feb 11	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1618.9	1622.9	1617.1	1615.5	1675.60 (15/1)	1598.90 (7/2)
All Mining (1/1/80)	701.9	700.9	697.3	692.7	703.50 (20/1)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	445.85	439.36	432.09	431.32	445.85 (14/2)	372.24 (2/1)
Traded Index (2/1/91)	1066.85	1048.26	1033.21	1031.17	1066.85 (14/2)	901.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	1158.37	1166.03	1160.38	1163.96	1183.78 (28/1)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	352.65	354.91	356.61	357.24	365.29 (15/1)	352.65 (14/2)
FINLAND						
HEX General (28/12/90)	901.9	895.9	896.7	895.0	901.90 (14/2)	779.00 (2/1)
FRANCE						
CAC General (31/12/82)	504.37	503.17	502.04	503.95	508.42 (29/1)	475.53 (2/1)
CAC 40 (31/12/87)	1865.31	1876.47	1861.60	1864.06	1890.60 (28/1)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	686.71	687.24	684.09	688.72	689.15 (6/2)	643.26 (8/1)
Commerzbank (1/12/53)	1943.0	1943.8	1934.3	1948.3	1949.50 (3/2)	1823.80 (8/1)
DAX (30/12/87)	1676.48	1681.39	1678.92	1683.55	1689.01 (3/2)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4772.32	4763.50	4732.43	4674.52	4772.32 (14/2)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1441.51	1447.12	1442.83	1446.91	1469.57 (17/1)	1391.49 (8/1)
ITALY						
Banca Com. Ital. (1972)	531.21	533.95	538.33	541.21	552.59 (6/2)	507.43 (2/1)
MIB General (2/1/87)	1048.0	1051.0	1059.0	1068.0	1086.00 (5/2)	981.00 (2/1)
JAPAN						
Nikkei (16/5/49)	20883.86	21391.02	21541.64	(c)	23801.18 (6/1)	20858.30 (21/1)
Tokyo SE (Topix) (4/1/68)	1555.31	1586.08	1594.81	(c)	1763.43 (6/1)	1555.31 (14/2)
2nd Section (4/1/68)	2388.79	2418.04	2428.72	(c)	2459.85 (6/1)	2283.71 (28/1)
MALAYSIA						
KLSE Composite (4/4/86)	595.75	594.63	600.75	604.45	604.45 (11/2)	546.63 (14/1)
NETHERLANDS						
CBS Tl.Rtn Gen.(End 1983)	288.0	288.9	288.4	288.4	289.10 (21/1)	274.00 (8/1)
CBS All Shr (End 1983)	202.2	202.9	202.5	202.5	203.00 (21/1)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	696.30	699.52	697.86	702.39	748.03 (17/1)	678.99 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	1201.75	1219.52	1225.48	1212.79	1303.30 (17/1)	1172.78 (2/1)
SINGAPORE						
SES All-Singapore (2/4/75)	404.54	406.60	409.71	412.62	416.99 (21/1)	401.19 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1308.0	1326.0	1314.0	1288.0	1327.00 (21/1)	1119.00 (2/1)
JSE Industrial (28/9/78)	4462.0	4513.0	4514.0	4491.0	4535.00 (15/1)	4189.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	658.63	656.49	664.23	674.32	691.48 (8/2)	604.63 (15/1)
SPAIN						
Madrid SE (30/12/85)	258.77	258.75	259.51	259.04	259.51 (12/2)	238.93 (2/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	938.9	948.5	953.6	957.4	989.20 (20/1)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	785.5	789.4	789.2	789.2	789.40 (13/2)	748.50 (8/1)
SBC General (1/4/87)	631.6	635.2	635.6	636.4	636.40 (11/2)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	5023.41	5088.10	5061.60	5072.04	5391.63 (30/1)	4492.17 (6/1)
THAILAND						
Bangok SET (30/4/75)	805.78	803.20	801.44	786.91	805.78 (14/2)	711.81 (3/1)
WORLD						
M.S. Capital Intl.(1/1/70) (S)	512.8*	518.1	521.7	521.7	542.10 (7/1)	512.80 (14/2)
Euro Top-100 (26/6/90)	908.39	913.54	913.93	915.87	923.01 (28/1)	870.32 (2/1)

**Saturday February 8: Taiwan Weighted Price: 5217.63. Korea Comp Ex. 691.48.
♦ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000. JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

Prices data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. § Dealings suspended. xd Ex dividend. xr Ex scrip issue. xr Ex rights. xa Ex all. Prices in Austria, Belgium, Denmark, France, Germany, Italy, Netherlands, Spain, Sweden, Switzerland are in local currencies. N.American stocks are temporarily being supplied ad darly.

WORLD STOCK MARKETS

AMERICA

Dow reverses early losses as bonds improve

Wall Street

EQUITIES tracked bond prices yesterday afternoon, reversing morning losses as bonds firmed, *writes Karen Zagor in New York.*

At 1.30 pm, the Dow Jones Industrial Average stood up 1.56 at 3,248.21 in moderate volume after tumbling more than 20 points in the first 30 minutes of trading. Market sentiment was decidedly negative, with big board declining issues outpacing those advancing by a ratio of three to one. The more representative Standard & Poor's 500 was down 1.26 to 412.43, while the Nasdaq composite of secondary stocks was off 3.12 at 635.98 at midsession.

Bond prices exerted a strong influence on equities for a second day. Stocks followed bonds lower in morning trading, when the benchmark 30-year bond tumbled to 100 1/16. But as bond prices started to recover on short-covering, equities also turned higher. At mid-session the long bond was quoted at 101, up 1/16 to yield 7.91 per cent.

The bond market's morning performance was dominated by fading hopes of another cut in interest rates and the need to absorb $36bn in new securities issued this week. But the market received some support from a report that the producer price index had fallen 0.3 per cent in January, although the core index rose 0.3 per cent, stripping out food and energy.

Car stocks continued to benefit from expectations that the worst is behind the industry, following better than expected car sales in early February. Ford, which predicted substantial improvements in 1992 operating results, climbed $1¼ to $36¾ and General Motors firmed $1 to $37⅝. Chrysler was one of the morning's most active issues, adding $⅞ to $16 after Kidder Peabody put the issue back on its "buy" list for the first time since 1988.

Airline issues also moved higher in thin trading. Delta Air Lines rose $1¼ to $67¼, AMR, parent of American Airlines, was up $1¼ to $73¼ and UAL, parent of United Airlines, firmed $2⅝ to $144.

Shares in Living Centers, a nursing home company, were quoted at $15¼ in heavy trading. An initial public offering was priced at $14½ a share.

Salomon Brothers, the Wall Street investment bank, slipped $¼ to $30¼ as news from the company's meeting with investors hit the market. Mr Warren Buffet said that he would remain as interim chairman until a government investigation is completed.

Belding Heminway, the thread and fabrics company, jumped $5¼ to $34 after the it announced plans to seek a financial adviser and said that it might look for a buyer or merger partner.

In over-the-counter trading, shares in Adolph Coors, the US brewer, tumbled $1¼ to $20 after the company posted a fourth quarter loss of 61 cents a share against 47 cents in 1990. Extraordinary items muddied the results in both years.

Canada

TORONTO slipped slightly in nervous trade at midday.The TSE 300 composite index dropped 6.1 to 3,575.6, declining stocks leading advances by 252 to 202 in volume of 13.2m shares valued at C$115.9m.

Biotechnology shares showed renewed strength following profit-taking in recent sessions. Biomira rose C$2 to C$24¾, Quadra Logic firmed C$⅛ to C$9⅞ and Health Care A rose six cents to 82 cents.

Among active stocks, Federal Industries A rose C$⅛ to C$8¼, International Corona eased five cents to C$4.95, Toronto TIPs was flat at C$19⅞ and Woodward's slipped 18 cents to C$1.52.

Speculation over production cuts following the ongoing OPEC talks sent Imperial Oil up C$⅝ to C$43½, and the car parts maker, Magna, rose C$1⅛ to C$27⅞ after the big three automakers reported improved sales for early February earlier this week.

EUROPE

Bourses unsettled by weakness in New York

BOURSES seemed unsettled yesterday by declines in New York and Tokyo overnight, and late closers took no consolation from Wall Street's weak opening yesterday, *writes Our Markets Staff.*

FT-SE Eurotrack 100 - Feb 14

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1133.56	1133.05	1132.08	1131.02	1131.80	1131.09	1130.29	1130.78

Day's High 1133.71 — Day's Low 1129.28

Feb 13	Feb 12	Feb 11	Feb 10	Feb 7
1136.68	1136.12	1137.74	1137.68	1137.10

Base value 1000 (26/10/90).

FRANKFURT maintained its sideways gait, particularly hesitant in advance of US price and output data, due after German market hours, and Monday's Wall Street holiday.

The FAZ and DAX indices each ended a mere fraction lower on the week as they fell 0.53 to 686.71, and 4.91 to 1,676.48 respectively. Volume fell from DM6bn to DM4.4bn.

There were ripples of activity. AMB, the financial holding company, ended DM15 higher at DM875 on speculation that the insurance company Volksfürsorge, in which it has a holding, would decide to buy a reciprocal stake in AMB. Volksfürsorge said later that it had made no decision on this.

Degussa saw two-way pressure, adding DM6.50 at one point before closing DM1.30 higher at DM348.10. The chemicals, metals and pharmaceuticals group has support from Bank Julius Bär in Frankfurt, which sees earnings nearly doubling over the next two years, but BZW Deutschland said this week that there were better ways to play the economic cycle.

Among blue chips, Volkswagen lost DM3 to DM335.80 on its forecast of flat 1991 net profits.

PARIS added gentle profit-taking, and bourse talk of higher German interest rates to Wall Street's weakness as the CAC-40 index ended 11.36 lower at 1,865.11, up 0.2 per cent on the week, in moderate turnover of FFr1.9bn.

Poor profit and turnover reports weighed on some stocks, with Cie Bancaire falling FFr15 to FFr490 on the drop in 1991 net profits from FFr998m to FFr866. Lafarge fell FFr3.90 to FFr313.50 with 126,260 shares traded on 1991 turnover down from FFr32.54bn to FFr31.65bn.

The industrial gases company L'Air Liquide, a recent favourite with institutional investors, rose FFr8 to FFr732 in unusually active turnover of 196,650 shares.

MILAN saw profit-taking in active trading as the monthly trading account closed. Turnover was estimated to be a little higher than Thursday's L110bn. Blue chips showed declines, with Fiat down L108, or 2.2 per cent, to L4,757, Olivetti L59, or 2.1 per cent, to L2,759 and Pirelli, which has a rights issue on Monday, falling L15, or 1.3 per cent, to L1,110. The Comit index fell 2.74 to 531.21, down 2.9 per cent on the week.

Sip savings shares closed down L65, or 3.6 per cent, to L1,360 following Thursday's announcement of the closure of the L400bn bond issue by Stet, the parent group, which has Sip savings warrants attached. The exercise price of the warrants on Sip savings shares is L1,550.

The banking sector was generally strong, with Credito Italiano up L35 to L2,150 and Banco Ambroveneto gaining L35 to L4,155.

ZURICH ended weaker in low volume on Wall Street and steady to slightly higher Swiss money market rates. Interest rate-sensitive financials lost ground, UBS bearers falling SFr40 to SFr3,760 in banks and Winterthur by SFr60 to SFr3,630 among insurers.

BRUSSELS was led down by Petrofina which dropped BFr225, or 2.1 per cent to BFr10,325 as the Bel-20 index closed 7.66 lower at 1,158.37, 1.1 per cent lower on the week.

Belgium's leading glassmaker, Glaverbel, slipped BFr85, or 2.3 per cent to BFr3,550. After the market closed, it said that 1991 estimated group net profit plunged from BFr2.27bn to BFr700m.

STOCKHOLM was dragged down by the banking sector, which fell 3.8 per cent on further evidence of the impact of loan losses on the financial sector. The Affärsvärlden General index fell 9.6 to 938.9, 2.9 per cent lower on the week.

The rating agency, Standard and Poor's, downgraded some debt of Skandinaviska Enskilda Banken, whose A shares fell SKr3.5 to SKr45, and Svenska Handelsbanken, which fell SKr3 to SKr81.5.

VIENNA's climb continued for the fourth consecutive day, the 18-share ATX index closing up 18.59 at 1,066.85, a rise of 4.3 per cent on the week.

AMSTERDAM was generally mixed, with Fokker active after announcing the sale of seven F-100 aircraft to a Chinese regional airline. It gained Fl 0.30 to Fl 29.20. The CBS Tendency Index declined by 0.3 to 121.8, closing little changed on the week.

A government decision to refuse a licence for the export of four submarines to Taiwan was partly behind the decline in shares in Begemann, the engineering group, parent of the company that was to have manufactured the vessels. It came off Fl 4.50 to Fl 100.50.

HELSINKI closed at its highest level since last September, the HEX gaining 6.00 to 901.9, a rise of 1.4 per cent on the week.

MADRID closed marginally ahead, the general index rising 0.2 to 258.77, up 1.03 per cent on the week. The construction sector was generally strong.

SOUTH AFRICA

JOHANNESBURG drifted lower in quiet trading. The JSE share index fell 25 to 3,672, while the industrial index shed 51 to 4,462. The all-gold index weakened 18 to 1,308. Vaal Reefs fell R1.50 to R228.50 as the gold price slipped to $353 an ounce.

Amsterdam consolidates after strong January rally

But the trend is positive writes Ronald van de Krol

After getting off to a flying start in January, the Amsterdam stock exchange has paused for breath in February to consolidate the gains which emerged so unexpectedly, and so spectacularly in the first few weeks of the year.

Analysts are confident that the market will move higher again later this year, helped by a further drop in long-term interest rates which, along with the strong lead given by Wall Street, was the main factor fueling January's sharp rises.

Forecasts for the timing of the next round of interest rate cuts vary from early spring to mid-summer. As usual, however, tracking the prospects of the internationally-orientated Amsterdam bourse is complicated by its heavy reliance on events outside the Netherlands. A prolonged dip in the dollar, for example, could affect the outlook for Amsterdam.

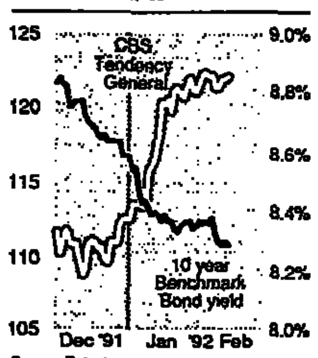
Although the market's overall direction will hinge on interest rates, individual shares could well see significant movement over the next few weeks due to two domestic factors – the start of the 1991 reporting season and this month's introduction of a new law requiring investors to disclose their stakes in Dutch companies.

Bond yields have steadied in February after a drop of 30 basis points in January which touched off a rally in share prices, heavy trading in equities and a series of 12–month highs for a number of stocks.

"We've now entered a period of consolidation," says Mr Jacques Potuijt, head of investment research at H. Albert de Bary, a subsidiary of Deutsche Bank. "But 1992 could turn out to be an excellent year for the bourse." He believes that Amsterdam could show a total return, including dividends, of between 15 and 20 per cent for the year, but adds that a good part of this return has already been produced by January's rally.

Although the bourse has managed to hold on to most of these gains in February, the CBS Tendency Index has hardly moved since January 31. On Friday, it stood at 121.9 compared with 121.7 at the end of last month. This is a far cry from its 7.3 per cent jump in January.

Amsterdam



Source: Datastream

The January rally focused at first on "defensive" stocks. These included Elsevier, the scientific publisher, which has risen by 8 per cent to Fl 107.80 since the beginning of 1992, and Wolters-Kluwer, the legal publisher, as well as most of the food and beverages sector.

Heineken hit a succession of highs, peaking at Fl 174 on February 6 before falling back to Fl 169.30 by Friday. Its popularity was due partly to the re-emergence of the perennial bourse rumour that the company may be ripe for a takeover. But with slightly more than half of the brewer's capital controlled by the Heineken family, the likelihood of a hostile bid is remote.

The rally later expanded to include several cyclical stocks, particularly the chemicals groups Akzo and DSM.

With the rises so far this year spread across the board, analysts recommend "stock-picking" rather than concentrating on any one sector.

Except for Royal Dutch/Shell, which publishes its 1991 results next week, the annual reporting season for major companies will occur in the final week of February or during March. Besides unveiling 1991 figures, companies will also be releasing first-time forecasts for 1992.

In the case of Philips, whose 1991 results will be revealed on February 27, the two main issues will be the extent to which Mr Jan Timmer has managed to turn the company around in his first full year as president, and whether the electricals group is ready to resume dividend payments. Compared with Philips' last pay-out of Fl 2 per share on 1989 results, any dividend is expected to be limited to Fl 0.50.

At the chemicals group, DSM, the question is whether management will decide to cut the dividend, following the example of Akzo which lowered its pay-out in 1990 from Fl 8 to Fl 6.50. Akzo, by contrast, has taken the unusual step of already saying that it will maintain its 1991 dividend.

By coincidence, the stream of company results is timed to coincide with the bulk of new shareholding disclosures demanded by Dutch law since February 1. Investors who own stakes of more than 5 per cent in bourse-listed companies have until March 3 to make their holdings known to the businesses concerned. They, in turn, have a duty to publish the news "forthwith" through advertisements in the Netherlands' national newspapers.

Relatively few stakes were disclosed by mid-February, but the pace should pick up as the deadline approaches.

"We've been told to expect 1,200 disclosure registrations, of which only a couple of dozen have emerged so far," says Mr Roel Gooskens, an analyst at Van Meer James Capel.

So far, the handful of disclosures has hardly been startling, mainly because they have involved institutional investors. For example, news that the insurer Amev has sold its 5 per cent stake in Grolsch, the brewer, as part of its normal investment activities came as little surprise. But inter-company holdings are far more interesting. One example this past week was the revelation that Aldi, the German supermarket group, owns a 5.58 per cent stake in its smaller Dutch counterpart De Boer Winkelbedrijven.

Similar disclosures between now and early March are expected to bring greater transparency to the Amsterdam bourse, boding well for its reputation in the long term.

ASIA PACIFIC

Nikkei falls on decline in futures prices

Tokyo

WORRIES over a possible political scandal shrouded the market yesterday. The Nikkei average plunged on a decline in futures prices, falling through the 21,000 level for the first time since January 21, *writes Emiko Terazono in Tokyo.*

The Nikkei average closed down 507.16 at the day's low of 20,883.86, after a high of 21,405.85. The index extended its losing streak to four days, falling 5.9 per cent on the week. Volume fell to 180m shares from 200m.

Reports that public prosecutors arrested four figures linked to an alleged bribery scandal shook investor confidence. Losers overwhelmed gainers by 890 to 96 with 127 issues remaining unchanged. The Topix index of all first section stocks declined 30.77 to 1,555.31. In London the ISE/Nikkei 50 index fell 2.87 to 1,182.10.

Proposals by the Big Four brokerages to invigorate the market, announced on Thursday, failed to affect share prices. The move was seen as another attempt by regulators and leading brokerage leaders to "talk up" share prices. Last week, the ruling Liberal Democratic Party called for measures to increase the attractiveness of stock investments, temporarily propping up the market.

"The regulators and political leaders are in disarray, and the market is disturbed by the uncoordinated comments and proposals," said Mr Craig Chudler, strategist at UBS Phillips & Drew. This week, a leading LDP politician called for a cut in the official discount rate, and the foreign minister suggested denomination of the yen to boost economic activity.

"There is no instant cure for current conditions, and attempting to revive the market by announcing such proposals and measures will only have adverse effects," said a fund manager at Dai-Ichi Mutual Life. He added that lower interest rates and higher dividends were the only effective ways to bring individual investors back.

Concerns over corporate earnings for the current fiscal year depressed some issues. Brokers, which are expected to suffer from the low trading volumes lost ground. Nomura Securities fell Y30 to Y1,520 and Daiwa Securities declined by Y50 to Y990.

A total of 65 issues hit new lows since last year's start, including high-technology issues, which were weaker on expectation of poor business results. Fujitsu fell Y13 to Y755 and Hitachi lost Y12 to Y870.

The continuing investigation of the financial scandal involving officials of a parcel delivery company drove speculative issues lower. Clarion fell Y60 to Y1,080 and Nippon Carbon plunged Y210 to Y1,730.

In Osaka, the OSE average fell 391.53 to 22,711.65 in volume of 59.6m shares. Market action centred on active cross trading for book closing purposes.

Roundup

Pacific Rim markets were generally mixed with Hong Kong's rally continuing.

HONG KONG hit its fifth record high in seven sessions after selective afternoon buying helped erase initial declines.The Hang Seng index closed 8.82 higher at 4,772.32, up 1.3 per cent on the week as turnover contracted to HK$2.33bn.

KUALA LUMPUR enjoyed a late rebound on last-minute orders from institutional and corporate investors. The composite index ended up 1.12 at 595.75, 1 per cent better on the week. SINGAPORE's further consolidation took the Straits Times Industrial Index down 8.21 to 1,503.91, a fall on the week of 1.5 per cent.

BANGKOK's turnover fell from a record Bt14.83bn to Bt10.21bn, three property stocks accounting for half of that as the SET index ended 2.58 higher at 805.78, a gain of 3.3 per cent on the week.

AUSTRALIA eased in cautious trading, with the All Ordinaries index closing down 4.0 at 1,618.9, 1.8 per cent higher on the week.

MANILA tumbled after selling of the food combine, San Miguel, and a technical correction in Philippine Long Distance Telephone, the composite index dropping 17.57 to 1,201.75 4.1 per cent lower on the week.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY FEBRUARY 13 1992								WEDNESDAY FEBRUARY 12 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	145.37	+0.3	121.73	117.35	122.67	128.36	+0.1	4.30	144.97	120.17	116.88	121.12	128.28	160.31	112.74	129.92
Austria (20)	181.40	+0.5	151.90	146.43	153.07	152.73	+1.3	1.89	180.50	149.63	145.54	150.81	150.71	222.37	153.86	204.75
Belgium (46)	138.99	−1.1	116.39	112.19	117.28	114.65	+0.1	5.14	140.51	116.47	113.28	117.39	114.52	151.20	118.04	146.72
Canada (115)	136.04	−0.7	113.92	109.81	114.78	116.83	−0.4	3.15	136.96	113.54	110.42	114.42	117.28	144.28	126.49	138.36
Denmark (36)	254.88	−1.9	213.43	205.75	215.07	217.70	−0.7	1.64	259.70	215.28	209.39	216.97	219.34	273.94	217.74	258.88
Finland (15)	88.03	+0.1	73.71	71.06	74.28	81.47	+1.0	2.44	87.98	72.93	70.93	73.50	80.66	125.15	73.32	108.62
France (108)	149.87	−0.3	125.50	120.97	126.45	129.95	+0.7	3.42	150.32	124.61	121.19	125.58	129.10	154.70	119.11	145.10
Germany (65)	117.89	−0.5	98.72	95.17	99.47	99.47	+0.5	2.32	118.47	98.21	95.53	98.98	98.98	125.35	94.15	120.87
Hong Kong (55)	198.10	+0.7	165.88	159.90	167.16	197.23	+0.7	3.85	196.70	163.06	158.59	164.35	195.79	198.10	119.62	139.21
Ireland (18)	166.23	−1.0	139.20	134.18	140.26	142.64	+0.2	3.58	167.83	139.13	135.32	140.22	142.38	182.46	132.88	162.24
Italy (77)	75.75	−1.7	63.43	61.15	63.92	68.99	−0.8	3.34	77.09	63.90	62.15	64.40	69.54	88.23	64.76	85.16
Japan (473)	122.27	−0.7	102.39	98.70	103.18	98.70	−0.6	0.86	123.10	102.04	99.25	102.86	99.25	146.97	118.23	143.68
Malaysia (68)	239.41	−0.6	200.48	193.25	202.01	240.93	−0.8	2.73	240.92	199.71	194.24	201.28	242.82	247.78	189.18	221.77
Mexico (18)	1648.32	+1.7	1380.28	1330.55	1390.84	5522.81	+1.8	0.94	1621.25	1343.95	1307.16	1354.52	5427.68	1648.32	534.45	599.50
Netherland (31)	151.54	−0.8	126.90	122.33	127.87	126.26	+0.2	4.28	152.74	126.61	123.15	127.61	126.04	156.48	125.70	143.56
New Zealand (14)	45.31	−0.5	37.95	36.58	38.24	44.41	−0.9	6.19	45.56	37.76	36.73	38.06	44.80	54.64	41.18	50.25
Norway (24)	175.44	−0.4	146.91	141.62	148.04	150.97	+0.6	1.78	176.12	146.00	142.00	147.15	150.12	223.24	157.08	217.24
Singapore (38)	220.08	−1.5	184.30	177.66	185.70	166.28	−1.0	2.10	223.37	185.17	180.10	186.62	167.89	228.43	151.63	184.38
South Africa (61)	237.58	−0.7	198.95	191.77	200.46	185.80	+0.2	2.67	239.32	198.39	192.95	198.94	185.51	271.99	173.00	193.15
Spain (52)	156.25	−1.0	130.84	126.13	131.84	120.80	−0.3	4.59	157.83	130.83	127.25	131.86	121.12	171.12	131.51	163.66
Sweden (25)	177.75	−1.7	148.85	143.49	149.99	154.99	−0.4	2.88	180.83	149.90	145.80	151.08	155.67	204.12	146.60	179.28
Switzerland (59)	100.10	−1.2	83.82	80.80	84.47	90.45	+0.1	2.21	101.36	84.02	81.73	84.69	90.39	104.22	82.17	99.40
United Kingdom (233)	178.08	−1.0	149.12	143.74	150.25	149.12	+0.0	4.98	179.94	149.17	145.07	150.38	149.17	187.44	156.27	182.19
USA (523)	168.80	−0.9	141.35	136.26	142.44	168.80	−0.9	2.89	170.30	141.17	137.31	142.29	170.30	171.66	125.95	147.51
Europe (809)	144.97	−0.9	121.39	117.02	122.33	122.54	+0.1	3.93	146.29	121.27	117.95	122.23	122.41	151.52	125.50	147.72
Nordic (100)	178.61	−1.6	149.57	144.18	150.71	148.67	−0.4	2.17	181.48	150.44	146.32	151.62	149.32	200.81	155.55	185.84
Pacific Basin (717)	125.36	−0.6	104.97	101.19	105.78	102.38	−0.5	1.20	126.09	104.52	101.66	105.35	102.88	145.92	117.86	142.64
Euro-Pacific (1526)	133.48	−0.7	111.78	107.74	112.63	111.13	−0.2	2.38	134.45	111.46	108.40	112.33	111.39	147.66	121.29	145.08
North America (638)	166.72	−0.9	139.61	134.59	140.70	165.27	−0.9	2.90	168.18	139.41	135.61	140.53	166.69	169.69	125.91	146.85
Europe Ex. UK (576)	124.76	−0.8	104.47	100.73	105.30	107.03	+0.2	3.18	125.79	104.27	101.44	105.11	106.82	129.80	103.58	126.69
Pacific Ex. Japan (244)	155.86	+0.1	130.52	125.83	131.53	139.85	+0.1	3.83	155.66	129.03	125.52	130.06	139.55	155.86	111.40	129.68
World Ex. US (1720)	135.68	−0.7	113.61	109.53	114.49	113.48	−0.2	2.40	136.63	113.26	110.17	114.15	113.87	148.16	122.32	145.59
World Ex. UK (2010)	142.75	−0.7	119.54	115.24	120.46	126.60	−0.5	2.32	143.81	119.21	115.96	120.16	129.28	150.58	120.06	141.49
World Ex. So. Af. (2182)	145.24	−0.8	121.62	117.25	122.57	130.05	−0.5	2.59	146.37	121.33	118.02	122.30	130.88	153.05	122.92	144.81
World Ex. Japan (1770)	159.64	−0.8	133.68	128.88	134.73	148.70	−0.4	3.29	160.94	133.41	129.77	134.48	149.35	161.90	126.69	147.27
The World Index (2243)	145.83	−0.8	122.12	117.72	123.06	130.56	−0.5	2.59	146.96	121.82	118.49	122.79	131.18	153.70	123.28	145.10

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
2pc IL 1992‡‡		135[illegible]	—	135[illegible]	125[illegible]	1.95	8.24
8pc 1992 ‡‡		99⅝	—	99⅝	95[illegible]	8.03	9.93
10½pc Cv 1992‡‡		100[illegible]	—	100[illegible]	98½	10.49	10.12
3pc 1992		98[illegible]	+[illegible]	98[illegible]	91[illegible]	3.05	8.34
Exch 12¼pc 1992		101¼xd	—	102[illegible]	100⅝	12.10	9.91
13½pc 1992		102[illegible]xd	—	104⅛	101[illegible]	13.23	9.82
Treas 8¼pc 1993		98⅞xd	—	98⅞	94	8.34	9.46
10pc 1993‡‡		100[illegible]	—	100¾	97[illegible]	9.98	9.58
12½pc 1993‡‡		103[illegible]	—	104¾	102⅝	12.04	9.58
Funding 6pc 1993‡‡		96¼xd	—	96¼	89⅝	6.23	8.54
Treas 13¾pc 1993‡‡		106⅝	—	106[illegible]	105⅝	12.90	9.56
8½pc 1994		98[illegible]	−[illegible]	98½	92[illegible]	8.64	8.39
14½pc 1994‡‡		109[illegible]xd	−[illegible]	111⅝	108[illegible]	13.31	9.59
Exch 13½pc 1994		107[illegible]	−⅛	109	105[illegible]	12.55	9.56
Treas. 10pc Ln. 1994‡‡		101[illegible]	−⅛	101[illegible]	96[illegible]	9.89	9.46
Exch 12½pc 1994		106[illegible]xd	−[illegible]	107⅛	103⅜	11.76	9.56
Treas 9pc 1994‡‡		99[illegible]	−[illegible]	99[illegible]	93¼	9.08	9.41
12pc 1995		106[illegible]	−[illegible]	106[illegible]	102[illegible]	11.30	9.53
Exch 3pc Gas 90–95		89	+⅛	89	82¼	3.37	6.82
10¼pc 1995		102[illegible]	−⅛	102[illegible]	96[illegible]	10.05	9.50
Treas 12¾pc 1995‡‡		109⅞	−[illegible]	110[illegible]	105⅞	11.60	9.52
14pc 1996		113[illegible]	−¼	114[illegible]	109[illegible]	12.33	9.76
9pc 1992–96‡‡		99[illegible]xd	−[illegible]	99[illegible]	92[illegible]	9.04	9.14
15¼pc 1996‡‡		118[illegible]	−[illegible]	118[illegible]	115[illegible]	12.86	9.71
Exch 13¼pc 1996‡‡		112⅞	−[illegible]	112[illegible]	108	11.82	9.67
Conversion 10pc 1996		101[illegible]	−[illegible]	102[illegible]	95[illegible]	9.81	9.48
Five to Fifteen Years							
Treas 13¼pc 1997‡‡		113¾	−¼	114[illegible]	108[illegible]	11.65	9.68
Exch 10½pc 1997		104¼xd	−¼	104⅜	97¼	10.08	9.45
Treas 8¾pc 1997‡‡		97⅜xd	−[illegible]	97[illegible]	89[illegible]	8.99	9.37
Exch 15pc 1997		122⅞	−¼	123[illegible]	117	12.28	9.77
9¾pc 1998		101[illegible]	−[illegible]	101⅝	93[illegible]	9.62	9.45
Treas 6¾pc 1995–98‡‡		89[illegible]	−[illegible]	89[illegible]	80⅝	7.64	8.89
15½pc '98‡‡		127[illegible]	−⅛	128⅞	121¾	12.12	9.68
Exch 12pc 1998		111⅞	−[illegible]	112¼	104⅜	10.73	9.56

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Treas 9½pc 1999‡‡		101	−⅜	101[illegible]	92[illegible]	9.41	9.30
Exch 12¼pc 1999		113½	−⅜	113[illegible]	105[illegible]	10.79	9.58
Treas 10½pc 1999		106[illegible]	−[illegible]	106[illegible]	97[illegible]	9.87	9.46
Conversion 10¼pc 1999		104[illegible]	−[illegible]	104[illegible]	95[illegible]	9.83	9.45
9pc 2000‡‡		98⅝xd	−[illegible]	98[illegible]	89⅜	9.15	9.30
Treas 13pc 2000		118[illegible]	−[illegible]	119½	110½	10.93	9.66
10pc 2001		103[illegible]xd	−[illegible]	104[illegible]	94[illegible]	9.66	9.40
14pc '98–01		119[illegible]	−[illegible]	119[illegible]	113[illegible]	11.71	9.75
9¾pc 2002		102[illegible]xd	−[illegible]	103[illegible]	92[illegible]	9.51	9.36
9¾p 2002 C		27[illegible]	−[illegible]	28[illegible]	25	9.51	9.36
10pc 2003		104[illegible]xd	−[illegible]	105¼	94[illegible]	9.56	9.37
Treas 11½pc 2001–04		111[illegible]xd	−[illegible]	111[illegible]	102	10.28	9.61
Funding 3½pc '99–04		82[illegible]	−[illegible]	83	53[illegible]	5.06	8.45
Conversion 9½pc 2004		101⅛	−½	101⅞	90[illegible]	9.39	9.34
9½pc 2004 A		101⅛	−½	101⅞	96[illegible]	9.39	9.34
9½pc 2005		101⅜	−[illegible]	102[illegible]	90[illegible]	9.37	9.32
Treas 12½pc 2003–05		121[illegible]	−⅝	122¼	111	10.26	9.40
8pc 2002–06‡‡		89[illegible]	−[illegible]	90⅜	79[illegible]	8.92	9.30
Over Fifteen Years							
Treas 11¾pc 2003–07		118[illegible]	−[illegible]	118[illegible]	105[illegible]	10.15	9.40
8½pc 2007 ‡‡		94[illegible]	−[illegible]	94[illegible]	84[illegible]	9.03	9.21
8½pc 2007 A		94⅛	—	94⅛	91[illegible]	9.03	9.16
13½pc '04–08		129[illegible]	−[illegible]	130[illegible]	118[illegible]	10.44	9.40
9pc 2008 ‡‡		98½	−[illegible]	99[illegible]	88[illegible]	9.14	9.17
8pc 2009		89[illegible]	−[illegible]	90[illegible]	80	8.99	9.17
Conv 9pc Ln 2011 ‡‡		98[illegible]	−[illegible]	98[illegible]	88[illegible]	9.13	9.17
9pc 2011 B		98[illegible]	−½	98[illegible]	93[illegible]	9.13	9.17
Treas. 9pc 2012		49[illegible]	−½	50[illegible]	49[illegible]	9.12	9.15
Treas 5½pc 2008–12‡‡		66[illegible]xd	−[illegible]	67[illegible]	58[illegible]	8.27	9.13
7¾pc 2012–15‡‡		86[illegible]	−[illegible]	88[illegible]	76[illegible]	8.99	9.21
Exch 12pc '13–'17		126	−[illegible]	126[illegible]	113[illegible]	9.52	9.21
Undated							
Consols 4pc		41⅞	−[illegible]	42[illegible]	37[illegible]	9.56	—
War Loan 3½pc‡‡		37⅝	−[illegible]	37[illegible]	33[illegible]	9.38	—
Conv 3½pc '61 Aft		60[illegible]	−[illegible]	61½	57¼	5.74	—
Treas 3pc '66 Aft		31⅛	−[illegible]	31[illegible]	28¼	9.64	—
Consols 2½pc		20[illegible]	−[illegible]	20[illegible]	[illegible]	9.47	—
Treas. 2½pc		20⅛	−[illegible]	20[illegible]	[illegible]	9.57	—

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Index – Linked	(b)					(1)	(2)
Treas. 2pc '94	(102.9)	124[illegible]	+[illegible]	124⅝	115[illegible]	2.46	3.51
2pc '96	(67.9)	170⅞xd	+[illegible]	180	168[illegible]	3.32	3.66
2½pc '01	(78.3)	146⅞	−[illegible]	146[illegible]	137[illegible]	3.91	4.21
2½pc '03	(78.8)	141[illegible]	−[illegible]	142[illegible]	133	4.01	4.26
2pc '06	(69.5)	143[illegible]xd	−[illegible]	144	135	4.12	4.31
2½pc '09	(78.8)	130⅞	−⅛	131½	124[illegible]	4.15	4.33
2½pc '11	(74.6)	134⅞xd	−[illegible]	135[illegible]	128[illegible]	4.16	4.33
2½pc '13	(89.2)	110[illegible]	−[illegible]	111[illegible]	105⅞	4.17	4.32
2½pc '16	(81.6)	118[illegible]	−[illegible]	118[illegible]	113[illegible]	4.18	4.30
2½pc '20	(83.0)	115[illegible]	−[illegible]	115[illegible]	109½	4.16	4.29
2½pc '24‡‡	(97.7)	93⅝	−[illegible]	95¼	90[illegible]	4.15	4.27

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for June 1991: 134.1 and for January 1992: 135 6.

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
African Dev 11¼ 2010		110⅝	−[illegible]	111[illegible]	95⅞	10.70	9.84
Asian Dev 10¼pc 2009		105[illegible]	−[illegible]	105[illegible]	91⅞	10.33	9.99
B'ham 11½pc 2012		106¼	+¼	106½	100½	11.33	10.73
Ireland Cap 8½pc '10		93⅜	—	99	88½	8.90	–
9pc Cap 1996		98⅜	—	99½	93	9.17	–
13pc '97–02		114½	—	115	109½	11.36	–
Hydro Quebec 15pc 2011		136½	−[illegible]	136[illegible]	120[illegible]	15.0	10.52
Int-Am Dev 12½pc 2003		117⅝	−⅜	118[illegible]	105[illegible]	11.00	9.82
9¾pc 2015		100⅛	−[illegible]	100[illegible]	86⅞	10.37	9.73
Leeds 13½pc 2006		119¼	—	119½	110½	11.69	10.87
Liverpool 3½pc Irred		30½	−¼	31	28	11.67	–
LCC 3pc '20 Aft		27½	−¼	27¾	26	11.11	–
Manchester 11½pc 2007		107	−¼	107¼	97½	11.27	10.59
Met. Wtr. 3pc 'B'		55	—	55¼	52	5.77	9.78
N'wide Anglia 3⅞pc 2021		105xd	−¼	106¼	102	–	5.49
4¼pc IL 2024		106¼xd	−¼	107¼	104	–	5.15
Utd Mex States 16½pc 2008		125½	+½	125½	101	13.33	12.76

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs	[illegible]xd	−[illegible]	[illegible]	20⅞	[illegible]	1.6
♥Allegheny & W	31[illegible]p	−5	[illegible]p	218p	[illegible]	5.3
Amdahl	[illegible]xd	+3	[illegible]	667p	1,[illegible]	0.5
Amer Cyanamid	34¼	+½	42¼	25⅞	[illegible]	2.5
Amer Express	12[illegible]xd	−[illegible]	17⅞	9[illegible]	[illegible]	4.7
Amer T & T	21[illegible]xd	+[illegible]	24½	15¼	[illegible]	3.5
Ameritech	34⅝	−⅛	[illegible]	32½	[illegible]	5.5
BankAmerica	22¾xd	−[illegible]	[illegible]	12[illegible]	[illegible]	3.2
Bankers NY	35¼xd	+[illegible]	[illegible]	20[illegible]	[illegible]	7.8
Bell Atlantic	25⅛xd	−⅛	[illegible]½	24¼	[illegible]	5.6
BellSouth	27⅝	+⅛	31¼	25	[illegible]	6.7
♥Bethlehem Steel	7⅞xd	—	11¼	6[illegible]	[illegible]	—
Bowater	[illegible]p	−9	[illegible]p	1042p	495.5	5.0
CPC	48¼xd	+½	[illegible]	37[illegible]	[illegible]	2.7
California Engy	672p	−4	[illegible]p	420p	122.3	—
Campbell Soup h	22	−⅛	25	14¼	[illegible]	1.8
Chase Manhattan	12[illegible]xd	−[illegible]	13⅛	3[illegible]	1,7[illegible]	5.2
Chrysler	[illegible]½xd	+[illegible]	[illegible]	5⅛	2,497	4.0
Citicorp	[illegible]xd	−[illegible]	16⅛	4⅝	3,[illegible]	—
Colgate-Palm	26¾xd	—	27⅝	21[illegible]	3,[illegible]	2.3
Cont'l Bank	[illegible]p	−14	[illegible]p	436p	[illegible]	5.6
Dana	18[illegible]xd	+[illegible]	21⅝	13⅝	778.4	4.6
Data General	[illegible]p	−1	[illegible]p	203p	176.9	—
Dial	27[illegible]xd	+[illegible]	27[illegible]	12⅞	1,1[illegible]	2.8
Dun & Brad	31½	+¼	31⅝	20¾	[illegible]	3.9
Eaton	38⅝	+¼	40	24¼	1,375	3.2
Echlin	[illegible]xd	+⅛	[illegible]	[illegible]	[illegible]	4.4
FPL	19⅜xd	−[illegible]	20¼	14[illegible]	[illegible]	7.0
Fluor	25⅞xd	+⅛	[illegible]	17[illegible]	2,[illegible]	0.9
Ford Motor	19⅞xd	+⅝	23¼	13	[illegible]	2.9
Gen Elect	43⅝xd	+[illegible]	46[illegible]	29[illegible]	37,[illegible]	2.7
♥General Host	[illegible]p	+2	[illegible]p	270p	—	3.8
Gillette	29[illegible]xd	−[illegible]	45⅞	20⅞	6,214	1.2
Hasbro	22¼	−⅛	24	7[illegible]	1,[illegible]	0.6
Honeywell	42[illegible]xd	+[illegible]	42[illegible]	21⅛	2,942	2.2
Houston Inds	29¼	−⅛	24⅞	17⅞	2,997	7.2
IBM	51¼xd	−[illegible]	[illegible]	45	29,322	5.3

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING AEROSPACE

ENGINEERING GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+or -	1991/92 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scot National Inc.		100½	—	116	97	12.9	—	—
Cap		30	-1	[illegible]	30	—	22.8	-05.7
Stepped Pf	†	132½	-½	133¼	113	5.8	—	—
Zero Div Pf		172	—	172½	141	—	—	—
Warrants		[illegible]	—	19	8	—	—	—
Scot Values	a	55½	+½	55½	48¼	[illegible]	56.5	2.6
Sec Alliance		[illegible]	-7	[illegible]	882	[illegible]	1356.5	12.3
Second Market	a	222	—	230	199	[illegible]	259.3	14.4
Sec Tst Scot	†	68	-½	76	57½	8.1	71.7	4.5
Select Assets		100	—	192	71	1.2	134.0	25.3
Eq Ind Sarl		114	+1	121	80	5.0	—	—
Eq Ind Sarl		114	+1	121	89	5.0	—	—
Shires	†	220	-2	269	191	10.8	224.3	1.9
11pc Cv Ln '03/04		£107½	—	£120½	£97½	10.2	—	—
Slam Select		88	-1	98	78	1.6	104.6	14.9
Warrants		18	—	31	19	—	—	—
Smaller Cos		71	—	93	60	1.3	84.5	15.9
Warrants		13	—	25	8	—	—	—
Sphere Inc		17	—	33	17	—	23.1	26.5
Zero Div Pf		80½	—	80¾	58¾	—	—	—
Warrants		0¾	—	8½	0¾	—	—	—

For Stratis Inv. see Henderson Stratis Inv.

	Notes	Price	+or -	1991/92 high	low	Yld Gr's	NAV	Dis or Pm(-)
Stratton		158	—	180	120	1.6	186.2	16.1
Sumit	‡	57	—	118	50	‡	109.9	53.6
TR City of Lon		108½	-1	121¼	90	8.7	111.2	4.2
TR Euro Growth	s	85	-2	104	78	1.5	98.3	9.5
Ptg Sub	s	53	—	58	40	2.5	—	—
TR Far East Inc		87	-1	94	56	8.4	100.6	12.5
Warrants		15	—	23	12	—	—	—
TR High Inc	H	98	—	115	85	8.2	95.5	-2.6
Sub	0	33	—	36	24	6.1	—	—

METALS & METAL FORMING

	Notes	Price	+or -	1991/92 high	low	Mkt Cap£m	Yld Gr's	P/E
ASW	†	136	-7	278	135	80.5	12.3	5.3
Apollo Metals		137	—	149	113	15.7	3.4	12.7
Ash & Lacy		148	—	189	[illegible]	30.8	5.8	10.9
Barrett (H)		34	—	119	33	14.8	7.8	78.6
Billam (J)		94	—	100	80	1.36	6.4	7.1
Braway		15½	—	18	11	11.9	4.4	29.3
Brit Steel		74	-1	149	61	1,480	15.8	—
Bromsgrove	¶	120	—	149	101	91.8	4.8	8.4
BCI		24	—	35	23	28.8	11.4	5.8
Castings	†	128	—	139	78	27.4	3.9	9.3
Chamber & Hill		85	—	109	65	4.84	8.1	5.5
Clayhithe	M	40	—	82¾	38	7.38	8.3	3.0
9½pc Cv 2000-4		£84½	—	206	£82½	8.61	14.7	—
Cohen (A)		375	—	636	350	4.96	8.2	30.3
Cook (Wm)	†	270	—	304	203	60.7	6.7	7.7
Cooper (F)		61	—	86	45	21.7	8.7	35.1
Cronite		32	—	40	12	5.20	—	—
Downiebrae		30	—	37	27	6.25	4.4	11.3
Firth (GM)	‡	34	+2	40	18	11.5	‡	—
Garton		97	—	132	92	3.85	9.8	7.1
Glynwed Intl		280	-4	287	172	412.3	7.8	14.8
Johnson & Firth		58	+1½	73	44	81.5	8.8	11.8
Johnson Matthey		372	—	385	233	685.5	3.3	14.5
Lee (A)		100	+1	141	83	38.2	7.2	54.5
Linread		64	-2	125	61	7.88	11.9	36.1
Manganese Bro		96	—	133	83	18.2	1.4	77.2
Metsec		135	—	165	130	8.85	4.8	8.0
Morris Ashby		[illegible]	-1	102	53	7.19	6.2	10.2
Radiant Metal		66	—	118	70	1.22	—	—
Richards Grp		78	—	95	66	1.85	7.5	6.5
Saville Gordon		24	—	30	22	28.8	9.0	—

MISCELLANEOUS

MEDIA

MERCHANT BANKS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

	Notes	Price	+or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
Kalis Mnls IE	‡	36	-2	48	33	8.92	—
Kenmare	‡	8	—	25	3½	5.78	—
Navan Res IE	‡	26	—	29	15	3.48	—
Northgate Expl C$	s	41	+1	90	39	5.17	—
North West Expl A$		4	—	18	4	1.36	—
Oryx Gold $		86¼	-6	188	62	—	—
Ovoca Gold IE	‡	11	+1	23	8	8.77	—
Plateau		12	—	44	11	5.46	—
RTZ		518	-4	605	404	5,166	5.0

For Thorco Resources see Caledonia Mining

	Notes	Price	+or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
Vizcaya	‡	2	—	10	2	1.07	—
Western & Pac C$		12⅝	-2⅛	182	7	6.79	—
Young Grp	‡	188	—	193	105	18.5	6.7

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and *FT-Actuaries World Indices.*

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ *Tax-free to non-residents on application*
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. c Cents. *f Flat yield.* g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. k Rights issue pending. q Earnings based on preliminary figures. s Dividend yield includes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. *v Subject to local tax.* z Dividend yield includes a special payment. E Minimum tender price. F Yield based on prospectus or other official estimates for 1990-91. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1991. K Yield based on prospectus or other official estimates for 1992-93. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1991-92. N Yield based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1991. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

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FINANCIAL TIMES
Weekend February 15/February16 1992

Decision to nominate David Clarke as heir apparent at US arm surprises City

White names his successor at Hanson

By Roland Rudd

LORD WHITE, one of the twin architects of the growth of Hanson, yesterday surprised the City by announcing that Mr David Clarke would succeed him as chairman of Hanson Industries, the industrial conglomerate's US subsidiary.

Mr Clarke, president of Hanson Industries since 1978, was introduced by Lord White as his successor at a meeting of fund managers and analysts in London.

But Lord White later told the Financial Times he still had no plans to resign before 1996. At the 1991 annual meeting, both he and Lord Hanson, chairman of the UK parent company, said they would carry on for a further five years.

Yet his decision to name a successor, after some fund managers and commentators had called for the group to name successors to Lord Hanson, aged 70, and Lord White, aged 69, surprised the group's own advisers.

Lord Hanson told shareholders at last month's annual meeting that a successor would not be named on the grounds that the heir apparent would come under undue pressure. The group's financial advisers had confidently predicted that no successor would be named at yesterday's meeting. Lord White, however, said that Lord Hanson had only been referring to Hanson Plc in London.

Background story and picture ....Page 8

He added: "I have said it many times before that David Clarke is my natural successor in the US. Our meeting with institutional shareholders was designed to de-emphasise James [Hanson] and myself. We wanted people to understand that we are not a one-man band."

Many fund managers at the meeting had not realised the significance of Lord White's casual remark that Mr Clarke, who is 50, was to succeed him, but some of them said it reflected poorly on the way Hanson planned its presentation.

The company made it clear that Lord White's decision was a personal choice and would not affect Lord Hanson's decision not to name his own successor.

Unlike Lord White, Mr Clarke is also a member of the Hanson board. His eventual appointment as chairman of Hanson Industries would end the anomaly of having one of the most senior executives unaccountable to shareholders.

Mr Clarke, outlining his strategy for the nineties, said it would be misleading to think that Hanson could only grow through hostile deals.

"It would be a mistake to say we have to do a mega-deal," he said. "A great deal of our profits will come from organic growth and bolt-on acquisitions to existing businesses."

He also believes that the group will have to be better at explaining itself in light of the criticism levelled at it after it bought a 2.8 per cent stake in Imperial Chemical Industries.

EC-Efta near deal on single market

By David Buchan in Brussels

THE European Community and the European Free Trade Association (Efta) yesterday broke the legal logjam that had been blocking the creation of the world's largest single market, covering their 19 member countries.

The settlement of the remaining dispute over juridical matters brings the EC and Efta partners close to the altar. But before the contract establishing the European Economic Area (EEA) is signed, there could be further hitches.

An earlier treaty negotiated last October was thrown out by the EC's Court of Justice (ECJ) because it contained a joint EEA panel of judges. The court had complained that such a mixed EC-Efta court would undermine its own autonomy.

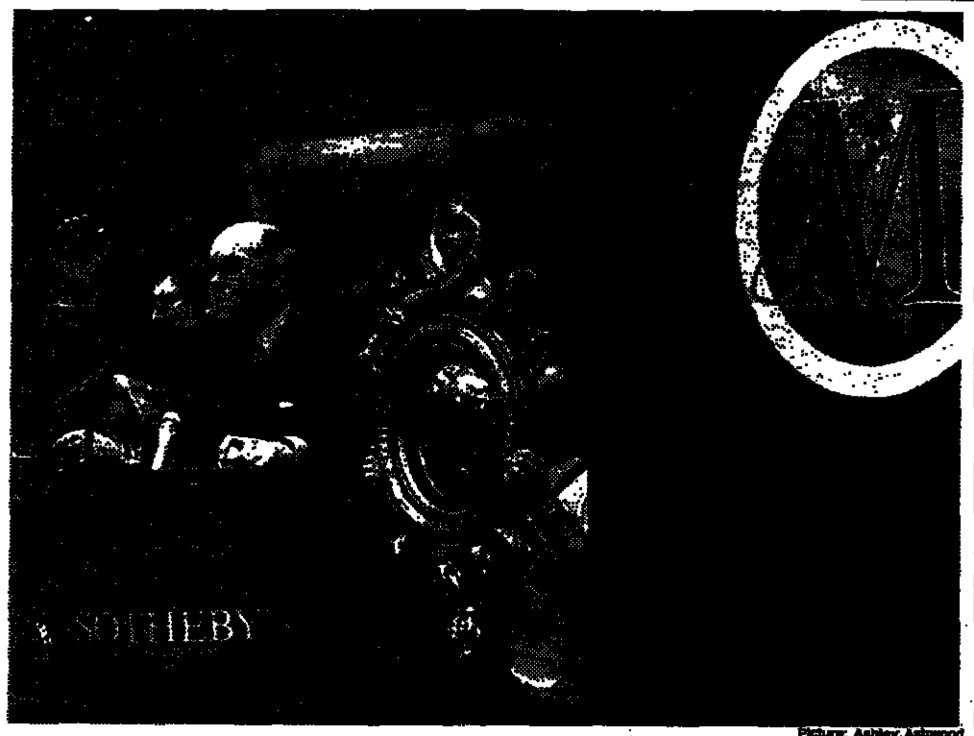
As a result the EEA court idea was abandoned. Negotiators started all over again this year trying to find another formula that would ensure reasonable legal uniformity throughout the future 19-nation common economic zone.

The European Parliament has further muddied the water by calling this week for any new EEA draft treaty to be resubmitted to the court for its opinion.

The European Commission, which has negotiated the far-reaching EEA deal on behalf of the Twelve, said last night it would decide next week what course to take. The treaty has to be ratified by the European Parliament, plus national legislatures of EC and Efta states.

The EEA could be short-lived with many Efta countries applying for full EC membership. For this reason both sides have settled for a less than legally perfect arrangement. They agreed:

- A legal disputes settlement procedure, under which differences over judicial interpretation of EEA laws would go to a joint EEA political committee. If there was no agreement, and if one side chose to invoke safeguard or retaliatory measures, then the other side could demand binding arbitration.
- In the absence of any overall EEA court, both sides will exchange information on case law.
- Efta has agreed to let the Commission and the ECJ deal with virtually any competition case of significance.



Picture: Ashley Ashwood

What am I bid for this mirror? Leslie Weller of Sotheby's conducting yesterday's auction of the contents of Robert Maxwell's London apartment. Story, Page 8

Mirror Group Newspapers to wind up pension schemes

By Norma Cohen, Investments Correspondent

MIRROR Group Newspapers said yesterday it would wind up its pension schemes to protect its employees, and that it would "so far as it is able" protect all current and future pensions. A new scheme for current workers would be established which would invest their contributions along with those of MGN.

Winding up the scheme will force the government to pay a portion of the pensions, known as the Guaranteed Minimum Pension, providing an indirect cash infusion to the scheme.

Separately, Price Waterhouse, joint administrator of Maxwell Communication Corporation, has decided to terminate that company's pension plan immediately. Law Debenture Corporation, independent trustees to the pension scheme, has instructed its solicitors to challenge the action.

A spokesman for MCC's administrators said it was increasingly likely that MCC would have no long term future. Without contributions from MCC, pension fund members would not receive the bulk of their benefits.

The winding up of MGN's scheme comes during an investigation into the disappearance of assets from the original pension fund. "It is now clear that the losses suffered are very substantial," MGN said. Current estimates are that as much as £200m of £350m in investments is missing, although a portion of this sum may be recoverable. MGN said it intended to support the rights of existing and deferred pensioners to the best of its ability. A spokesman said MGN had been making monthly contributions to the scheme to cover current pensioners and would continue to do so. However, he conceded a new owner would have no obligation to continue payments.

Mr Paul Stannard, solicitor for the MGN trustees, said the new scheme should reassure employees that their contributions were earmarked for their benefit. "The harsh reality is that the pension scheme has been plundered and no one is able to fill the hole overnight."

The missing assets include some of those managed by the Maxwell-run fund manager Bishopsgate Investment Management.

MPs press for moves to reform Lloyd's

By David Owen, Ralph Atkins and Richard Lapper

THE GOVERNMENT is facing mounting pressure from its own backbenchers, many of whom are Names, to step into the fray at Lloyd's with the aim of imposing regulatory reform.

A group of about 25 MPs is to visit Lloyd's on Monday and is expected press concerns about alleged malpractices with Mr David Coleridge, the chairman of the insurance market.

Lloyd's said yesterday that the visit was planned three weeks ago as part of the efforts of the Lloyd's Council, its governing body, to publicise the recommendations of a market task force which completed a far-reaching investigation into business practices at Lloyd's last month.

A group of Conservative and Labour MPs is dissatisfied with the way the market has handled its relations with Names – the individuals whose assets provide the insurance market's capital.

MPs joined loss-making syndicates ....Page 4

MPs who attended a meeting with Mr Coleridge on Tuesday say they were unimpressed. Mr Coleridge had been pressed to provide information to Names about syndicates currently stored on computers at Lloyd's.

On Thursday, early day motions tabled by two Labour MPs, Mr Brian Sedgemore and Mr Dennis Skinner, sharply criticised the Lloyd's market and suggested there was "structural rottenness" which required regulation under the Financial Services Act.

Ms Marjorie Mowlam, who speaks for Labour on City matters, has called for an independent investigation into allegations by Names that market insiders have been given access to the best business.

Yesterday Mr Richard Page, MP for Hertfordshire South West and vice-chairman of the Tory trade and industry committee, said: "I believe that they [Lloyd's] have got to address the self-regulation problem in a very forthright and immediate fashion and if not, then it is a function that the government should step in and impose on them."

The view was echoed by other Tory MPs, about 40 of whom are themselves Names at Lloyd's.

Mr Spencer Batiste, MP for Elmet, said many MPs would like to see Mr Peter Lilley, trade and industry secretary, intervene. Mr Batiste, who joined Lloyd's in 1987, said that many MPs felt that Lloyd's seemed "unable to put its own house in order".

Mr David Tredinnick, MP for Bosworth, said Lloyd's should treat the present allegations as to "grasp the nettle" and demonstrate that self-regulation can work.

Mr Tredinnick was a member of some of the worst-performing syndicates in the Lloyd's market in 1989 and 1990.

Mr Rupert Allason, MP for Torbay, and a member of Lloyd's since 1974, said he had been assured by his agentthat syndicate managers would be "feeling the squeeze" like everybody else in future years.

Sharp drop in inflation

Continued from Page 1

appointing". Earlier this week, other government figures had revealed a big drop in factory-goods inflation and a large increase in unemployment, indicating that the recession is likely to continue well into this year.

According to the CSO, the sharp fall in retail price inflation was partly caused by exceptionally sharp price reductions in the January sales. Prices of clothing and footwear fell by 5.1 per cent, the steepest drop since 1921.

A drop in petrol prices also helped to push down Britain's inflation rate to a figure well under the 4.5 per cent average in the other countries in the European exchange rate mechanism.

The RPI numbers were received coolly by Mr John Smith, the Labour shadow chancellor, who said inflation was being "suppressed rather than defeated".

The economic gloom has heightened fears among senior Conservatives that Labour will squash any Tory lead in the opinion polls and begin building momentum behind its campaign for the general election.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Mannheim Vers	768	+	8
Falls			
Asko Prf	665	–	9
Herlitz	371	–	4
Lahmeyer	804	–	11
Porsche	602	–	13
Sud Chemie	555	–	10
New York ($)			
Rises			
Chrysler	16	+	7/8
Delta Air	67 1/4	+	1 1/4
Ford	36 3/4	+	1 1/2
Gen Motors	37 5/8	+	1
Falls			
Coors	20	–	1 1/4
Saloman	30 1/4	–	1/4
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
Club Med	488	+	10
Gaumont	688	+	18
Falls			
Alcatel Alsthom	577	–	10
Bancaire Cie	490	–	15
Eurocom	574	–	13
Taittinger	2865	–	135
Tokyo (Yen)			
Rises			
Daiwa Cons	850	+	49
Falls			
Daito Trust	7870	–	910
Fuji	710	–	82
Nippon Carbon	1730	–	210
Sasaki Glass	510	–	54
Yasua Trading	310	–	30
London (Pence)			
Rises			
BPB Inds	151	+	7
Bass	531	+	12
Bulmer (HP)	274	+	11
Crest Nicholson	40	+	3
Freeman	118	+	21
Headlam	65	+	5
Molins	380	+	16
Securicor A NV	835	+	30
Securiguard	133	+	6
Security Services	509	+	23
SelecTV	20 1/2	+	2 1/2
Stanhope Props.	35	+	4
Vortex Energy	26 1/2	+	5
WPP	83	+	25
Falls			
ASW	136	–	7
Arjo Wiggins	233	–	16
Carlton Comms	543	–	11
Harland Simon	193	–	60
P & O Dfd	378	–	13
Renishaw	268	–	11
Scot Heritable	10	–	2
SmKl. Beecham A	937	–	18

Jury

from Page 1

taken so many years for these cases to come to trial is absolutely unacceptable."

He joined the rising chorus of voices urging City fraud cases to be heard by a judge and two professionals, saying they bore little resemblance to common criminal cases heard by juries.

Mr Gareth Williams, QC, chairman of the Bar Council, called for urgent reform of fraud trial proceedings.

"It is intolerable that these fraud trials last for such a long time thereby not only using up a great deal of public money but also placing an intolerable burden on all those involved, particularly the jurors. The jury is, and must remain, the cornerstone of our legal system, but a better system, which retained jurors, must be found."

CIS

from Page 1

lican delegations said the heads of government were also discussing agreements on the economy and on the common use of energy networks – such as the electricity grid – between the commonwealth members.

The meeting took place in the building housing the former Central Committee of the Belorussian Communist Party and the presidents gathered in a large hall dominated by a futuristic mural depicting Lenin striding towards the Republican presidents.

Briefings to the press were given in an auditorium dominated by a vast head of Lenin sculpted into the far wall – which the building's architect said could be removed only at a cost of the building itself falling down.

WORLDWIDE WEATHER

UK today: Rain will spread steadily eastwards during the day. It will be heavy at times, especially over souhern England, and may fall as snow over Snowdonia, the northern Pennines and Scottish mountain areas. **Outlook:** Rain in most areas, clearing slowly but turning wintry on Sunday.

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	12	54	Bombay	S	27	81	Corfu	F	13	55	Hong Kong	R	14	57
Algiers	F	17	63	Bordeaux	F	12	54	Dallas †	R	17	63	Innsbruck	F	7	45
Amsterdam	F	8	46	Boulogne	S	9	48	Dublin	C	12	54	Inverness	F	7	45
Athens	F	15	59	Bristol	R	9	48	Dubrovnik		–	–	Isle of Man	R	8	46
Bahrain	S	15	59	Brussels	C	3	37	Edinburgh	F	6	43	Istanbul	S	13	55
Barcelona	F	13	55	Budapest	C	8	46	Faro	S	16	61	Jersey	Dr	9	48
Beijing	S	12	54	Buenos Aires		–	–	Florence	F	11	52	Johannesburg	S	25	77
Belfast	C	8	46	Cairo	S	20	68	Frankfurt	F	8	46	Las Palmas	F	19	66
Belgrade	S	15	59	Cape Town	S	24	75	Geneva	S	8	46	Leeds	R	8	46
Berlin	C	7	45	Cardiff	Dr	9	48	Gibraltar	S	17	63	Lisbon	S	12	54
Biarritz	[illegible]	[illegible]	[illegible]	Chicago †	C	0	32	Glasgow	R	7	45	Locarno	S	15	59
Birmingham	[illegible]	[illegible]	[illegible]	Cologne	F	9	48	Guernsey	R	9	48	London	R	9	48
Blackpool	[illegible]	[illegible]	[illegible]	Copenhagen	R	3	37	Helsinki	C	1	34	Los Angeles †	C	11	52

		°C	°F			°C	°F			°C	°F			°C	°F
Luxembourg	C	3	37	Munich	R	5	41	Prague	F	7	45	Tel Aviv	S	16	61
Madeira	C	17	63	Nairobi	S	28	82	Reykjavik	S	4	39	Tenerife	S	21	70
Madrid	F	7	45	Naples	R	11	52	Rhodes	S	16	61	Tokyo	S	10	50
Majorca	S	13	55	Nassau		–	–	Rio de Janeiro		–	–	Toronto †	Sn	-2	28
Malaga	S	16	61	Newcastle	R	7	45	Rome	F	13	55	Tunis	F	15	59
Malta	F	13	55	New Delhi	F	15	59	Salzburg	C	5	41	Valencia	S	16	61
Manchester	R	6	43	New York †	C	1	34	S'Francisco †	C	11	52	Vancouver †	C	7	45
Melbourne	F	19	66	Nice	S	14	57	Seoul	F	4	39	Venice	F	10	50
Mexico City		–	–	Nicosia	F	16	61	Singapore	F	30	86	Vienna	F	9	48
Miami †	S	17	63	Oporto	S	13	55	Stockholm	Sl	1	34	Warsaw	S	7	45
Milan	S	10	50	Oslo	S	2	36	Strasbourg	F	8	46	Washington †	S	-1	30
Montreal †	C	-7	19	Paris	F	9	48	Sydney	C	21	70	Wellington	R	18	64
Moscow	C	1	34	Perth	F	25	77	Tangier	S	17	63	Zurich	C	5	41

Temperatures at midday yesterday † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

THE LEX COLUMN

Pricking the asset bubble

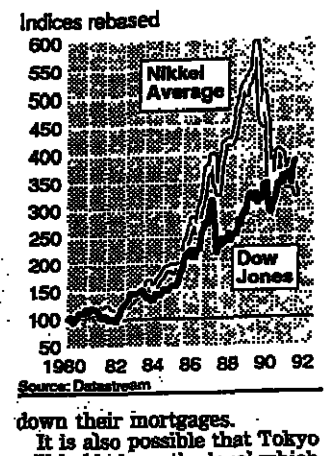
One of the gloomier theories gaining ground in the financial markets these days is that of asset deflation. In the 1980s, runs the argument, retail price inflation of the previous decade gave way to similarly rampant inflation in assets such as shares, houses and commercial property. Nomura calculates that in the 1960s and 1970s the value of purely financial assets in the developed economies grew at broadly the same rate as nominal GDP. In the 1980s it grew between one and a half and two times as fast. On the reasonable assumption that the earlier trend represents normality, how are we to get back to it?

The answer, plainly, is through a combination of asset price deflation and general inflation: the more of one, the less of the other. Asset inflation in the 1980s was at its sharpest in Japan, producing a sixfold rise in equity prices. Since Japanese general inflation is negligible, the result has been a collapse of 46 per cent in the market's nominal value from its end-1989 peak. In the UK, general inflation has played a much greater part in the process of adjustment. Thus, though the FT-SE is now 3 per cent higher in nominal terms than at its pre-crash peak in 1987, in real terms it is down by 23 per cent.

Considering that house prices in London and the south-east are down by around a quarter in nominal terms since their peak in 1989, this is only reassuring up to a point. But when it comes to Wall Street, the thesis becomes positively worrying. In the course of the 1980s the price of US equities more than trebled, with yields almost halving in the process. But still the market reaches into new territory. In nominal terms it is up by 19 per cent from its 1987 peak. Even adjusted for general inflation, it is down only 1 per cent since then.

The past week has shown the resulting divergence to perfection. The Dow reached yet another record on Wednesday. On Friday, Tokyo dipped again below its danger level of 21,000. It is conceivable that the general theory is missing something, and that the level of US equities is somehow justified. It may be that the US economy can shrug off the debt which helped the asset inflation in the first place. It may also be that US consumers, despite their high gearing and reportedly low confidence, will continue responding to lower interest rates by punting on Wall Street rather than paying down their mortgages.

FT-SE Index: 2,513.9 (−8.7)



Source: Datastream

It is also possible that Tokyo will hold above the level which becomes critical to the Japanese financial structure, despite a growing air of nervousness among domestic investors. The trouble is that for either Tokyo or Wall Street to go wrong would do further damage to confidence in markets worldwide. It is asking a good deal for both to go right.

M&G

This week's commitment by the Labour party not to abolish personal equity plans (Peps) if it wins the election might be seen as taking wind out of M&G's ample sails. There have been more than a few nods and winks from financial advisers, after all, that the fund management group's heavily promoted Recovery Investment Trust is ideal if you have £12,000 to spare and are worried about Mr Kinnock's intentions towards Peps when he gets inside Number 10.

All the same, Labour's apparent U-turn must eventually be good news for M&G Group's own shares, as distinct from the products. While there is room to ponder just how sharp investors' appetite for Peps will continue to be, there is no doubting the stimulus which this Tory tax shelter has given to the retail market for equities. Labour's stay of execution may encourage some to hold on to their money this time, but others will find it hard to resist the unprecedented level of TV advertising, the power of the sponsoring bank SG Warburg and the enthusiasm for M&G to be found among independent financial advisers. If this month's launch meets expectations, the two new Pep trusts could contribute as much as £5m to net profits in the year to September and more than £4m in 1993. Not only is there a guaranteed income flow over the 10-year life of the closed-end fund; the lifting of the Labour cloud means the trick can be repeated.

In the circumstances, shareholders need not be unduly concerned that M&G's legendary investment record has recently lost a little of its shine. High income unit trusts – to which M&G is particularly exposed – were all in difficulty last year, despite the efforts of Mr Paddy Linaker, M&G's chairman, to get companies to pay their dividends. His own company's shares, which have outperformed the market four-fold over the last 10 years and eight-fold over the last 15, continue to look an excellent bet.

Oil price

It is a matter of debate whether the market was more unnerved yesterday by the length of the Opec negotiations or by the unpleasant implications for the sector of BP's annual results the day before. On balance, the former was less relevant to the weakness of oil shares, if only because the haggling in Geneva was always likely to be long-winded. The stakes for individual members were too high. In the absence of agreement on whether the production cuts needed to lift the oil price should be shared according to past output, countries like Algeria and Venezuela had little to lose by sticking to demands for special treatment.

In any case, a realistic interpretation might be that in getting even close to an agreement by late yesterday, Opec had made good progress. The odds are that it will keep up its history of pulling off a deal when it really matters. The obvious precedent is the meeting after the price collapse to $12 per barrel in November 1988. By the next quarter, the price was stable at $18.

Hanson

Lord White's nomination of his successor is to be welcomed as the first movement in the log-jam blocking Hanson's development. Mr David Clarke is on record as holding sensible views about the management of the company's organic growth in the 1990s. Hanson will be deprived of Lord White's deal-making flair. But not only has it outgrown that stage of its history: there is no obvious scope for the big deal in today's markets anyway.

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Weekend FT

SECTION II Weekend February 15/February 16 1992

The high roller who died by the sword

***David Spanier** and **Stefan Wagstyl** report on the life and savage death of baccarat addict Akio Kashiwagi*

HE WAS a small, dapper man, wearing a blue-striped shirt and bank clerk's grey suit. His manner was so unassuming you would hardly know he was there, were it not for the circle of attendants hovering around him, watching his every move. In front of him, stacked on the green baccarat table, were piles of brightly-coloured counters. They represented gaming chips worth $4m (£2.2m). *The table was separated* from the others in the baccarat pit by a red rope, as if reserved for royalty.

The little man seemed oblivious of the attention he aroused. He bet the same amount – $200,000 *(£110,500) – on each successive* hand, dealing the cards from the shoe precisely and noting the outcome on a score-card. Winning or losing, his stake never varied. He played for 14 hours, through the night.

A *small crowd gathered, at a* respectful distance, to peer over the rope. The management tried to shoo them away. An executive explained in an awed whisper: "That's the Warrior. Look how he pushes his piles of chips forward, like a battal*ion of soldiers going into battle*."

His real name was Akio Kashiwagi and he was one of the world's five biggest gamblers, a man capable of winning or losing $10m in a single night. But the casino operators around the world who knew *him as the Warrior had yet another* private name for him: the Whale.

A whale is a very large, powerful creature. It takes some beaching. But now, the Whale is dead – slashed to death with a samurai sword in his Japanese fortress *home. Akio Kashiwagi, the ice-cool* high-roller, has played his last hand.

■ ■ ■

Kashiwagi's arrival in a casino *ignited a heady mixture of fear*, excitement and greed in gaming managers. They were like field animals caught in the glare of car headlights. They were dazzled by his action, which they craved – but terrified that, in the rush, he might run them over. *That is what* the Warrior did in Darwin, north Australia. That is what he threatened in Atlantic City, New Jersey. That is what he was trying to do in London. He was *superstitious*, but was without fear: a gambler like no other.

Last month, 54-year-old Kashiwagi was found hacked to death. He had been slashed 10 times and died from loss of blood. Police arrested a *44-year-old* Japanese *yakuza* (gangster) named Kodo Saiki and Emi Miyashita, a 23-year-old nurse. It is alleged that Kashiwagi was alone *on the night of January 3 when* Saiki broke into his home and stabbed him, and that Miyashita helped to clean the getaway car.

The police believe that Kashiwagi died for an absurdly low stake. They think he was killed after an *argument over the ownership of a* car which the Warrior bought from Saiki for Y3.5m (£15,700), but – according to Saiki – had failed to pay for. If the police are right, the Warrior lost his life for a sum he would have regarded as beneath *notice on the baccarat table*.

■ ■ ■

If Kashiwagi's death was bizarre, so was much of his life. The son of a carpenter, he was born into a poor *family near Mount Fuji just before* the Second World War and left school at around 16 determined to escape poverty through hard work. He took a back-breaking job as a bearer carrying supplies to the hut at the top of the mountain. When *he had saved enough money, Kashiwagi* began investing in property. He was helped by his wife, Mieko, a one-time geisha who introduced her husband to her former clients. But he earned a reputation for ruthlessness; it was said that he hired *yakuza thugs to persuade reluctant* sitting tenants to vacate property which he wanted to develop. Usually, however, he speculated in short-term trades, and once said: "All the money I have, I made myself. I don't care how I earn it, *even if it's through gambling*."

He claimed eventually to own $1bn in assets with an income of about $100m a year. Yet, he was not listed among the top taxpayers in his district and exactly how he could have built up such a large *fortune remains a mystery*. He was the only principal of his company, Kashiwagi Shoji, which in 1988 had sales of only $15m and five employees, according to a report in the *Wall Street Journal*.

From the profits he built a handsome, well-fortified house, known locally as Kashiwagi's Palace, on the shores of Lake Kawaguchiko at the foot of Mount Fuji. But the main use for his wealth was to indulge his obsessive desire to become the man who broke the bank in Monte Carlo – or anywhere else.

There is no skill in baccarat. Every move is laid down according to fixed rules. The only decision is the side on which to bet – Bank or Player. The object is to get closer to a total of nine (face cards and tens counting as zero). Two cards are *dealt to each side, with the possibil*ity of drawing a third. The edge in favour of the house, in return for running and bankrolling the game, is 1.2 per cent. This is one of the lowest margins in casino gambling although it is enough, in the long *run, to be highly profitable*. But over a limited session, such as a weekend's play, a player can enjoy swings of luck that spell disaster for the casino.

Sir Edward Clarke, a former Solicitor-General of England, *observed of baccarat at the start of* a trial in 1891: "It seems to me to be about the most unintelligent mode of losing your own money, or getting somebody else's, I ever heard of." And, indeed, it is very hard to explain its obsessive quality with*out playing the game. But very rich* men who like to gamble are fascinated by it and its stomach-churning suspense – even though they know, as did Kashiwagi, that the house edge, small as it seems, must finally prevail over the player and *destroy him*.

■ ■ ■

Besides his spectacular gaming habits, little is known about Akio Kashiwagi's private life. He ran his real*estate business from a shabby, two*-storey building in downtown Tokyo. And, apart from his "palace," he lived simply. In American casinos, where he could have had anything he wanted, his favourite food was BLT (bacon, lettuce and tomato) *sandwiches and a dish described as* marinated monkey meat, prepared by a private chef.

He became known as a high roller about four years ago. His routine was to travel to different casinos around the world and play night and day. The casinos welcomed him with open arms although the risks, at the level the Warrior played, *were very high. The biggest Las* Vegas casinos have a limit of $200,000 a hand and such establishments do not normally run scared. But given that a hand takes about 45 seconds to play, it does not take very long for a player to win a mil*lion – or, indeed, several*.

One famous night, at the Diamond Beach casino in Darwin, Kashiwagi *achieved his ambition to* break the bank. At one point, he was $10m in the hole. He was down to his last $200,000 bet when his luck changed. In four hours, he won back his losses and went on to beat the casino out of $19m – equivalent *to its average profits for an entire* year. But Kashiwagi's most celebrated encounter was at Donald Trump's hotel, the Trump Plaza, in Atlantic City in 1990.

The casino was struggling, like most of Atlantic City, and saw his *high action as a chance to get out of* trouble. Great efforts were made to lure him to the hotel. The Warrior *was given the best suite*, a split-level apartment with hot tubs, a grand piano, butler service and a long view of the Atlantic ocean. Security was co-ordinated round the clock. An elevator was on standby to take him to the casino floor.

Trump was nervous. "Wow! Two hundred thousand a hand!" he exclaimed. His casino chief, John O'Donnell, tried to reassure him: "Just be prepared. There are going to be tremendous swings between now and the time he stops *playing . . . I've got a real good feel*ing about this guy."

Kashiwagi brought $6m in cash (in bank drafts) and was granted a further $6m credit; a frighteningly large sum, O'Donnell conceded. But he was determined that the Plaza would go for it.

The *Warrior went down to play* on the first evening. His only concern was to avoid publicity and maintain his privacy. He went ahead $2m. Half an hour later, he was down $2m. And so it went. He played for eight hours. At 2 am, two *hours before the baccarat pit shut*, he was still losing $2m. Then, his luck changed. In the final hour, he won a stupendous 23 hands in a row – which was like calling heads or tails correctly 23 times. At closing time, Kashiwagi had beaten the house for $4m.

Trump, on the telephone, sounded agitated: "How could that happen?" he demanded. "What do you mean, Donald? That's the game," O'Donnell replied. "But do we keep playing to this guy? Should we throw him out?" asked Trump. "Absolutely not!" said O'Donnell.

Kashiwagi's streak continued. That night, he won another $2m. By *then, the local press had word that* one of the world's highest rollers was in town. But Kashiwagi took exception to a remark at the table, about how many hands he was up, and left Atlantic City – a $6m winner. The Trump Plaza, hell-bent on a return match, gave him a farewell gift and provided a limousine to the airport.

■ ■ ■

O'Donnell, who recorded this experience in his memoirs, *Trumped!*, was proved right. Kashiwagi returned in the spring and dropped nearly $10m over four days of solid play. The Whale had been *landed* – almost. But Trump, sweating over the action, could not bear the strain any longer. While Kashiwagi still had $2m in credit, Trump ordered the game closed. The Warrior was furious. He did not have to wait *long, though: a rival casino rushed* a car over to the Plaza to pick him up.

Kashiwagi also played in London, following the same routine of betting $50,000 a hand at punto banco, as the British version of baccarat is *called. "He played all day and all* night, and never gave us any trouble," one casino manager recalled.

Confidants of Kashiwagi believe that the fall of the Japanese property market in 1980 hit him very hard. He had borrowed large sums of money on property investments, which in the good times he could service easily. When the market collapsed, the demands on him became severe. Speculation that he was in debt to the *yakuza* adds a sinister note. Such organisations know only one way of calling-in bad debts.

One Las Vegas manager recalled that Kashiwagi himself could be *very tough when it came to settling* his gaming losses. "He had won every battle in his life. The only place he could be denied was the baccarat table."

In his macabre death, he was also a samurai. And, whatever the truth *of his passing, casinos around the* world are going to miss him. The Warrior is no more.

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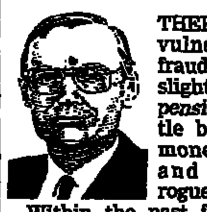
The Long View/**Barry Riley**

Professional fouls



THERE ARE no more vulnerable victims of fraudsters than ever-so-slightly greedy old age *pensioners, offered a lit*tle bit more for their money by charming and sympathetic rogues.

Within the past few days Anthony Wheeler, a former mayor of Chippenham, got four years for a £1.3m swindle and Peter Clowes was sent down for ten years for stealing £14m (although investors would have lost more than £150m in Barlow Clowes without government compensation).

Small investors may be a little safer for the confinement of these two, but the honesty of the financial markets remains doubtful. Two Guinness trials have collapsed or been abandoned, leaving much *debate about the conduct of* fraud trials; Conservative MPs are threatening legal action against Lloyd's, the venerable insurance market which was once at the centre of the City of London establishment; and the plight of the pensioners of Maxwell *companies remains* unrelieved – apparently the banks which received misappropriated share certificates as collateral accept no obligation to return the stolen goods.

Perhaps we should not get all this out of proportion. We are seeing a temporary peak *in financial crime which has* emerged from the huge growth of investment, borrowing and financial trading in the 1980s. There are historical parallels with the scandals of the 1920s which led to the last wave of financial regulation, including the Prevention of Fraud (Investments) Act in Britain. The US Securities and Exchange Commission and the Glass *Steagall Act date from the same period*. With the financial boom over we can expect the level of newly-exposed fraud to subside quickly.

Public regard for the honesty of the financial markets may not be restored quickly, however. We have fallen between two stools. *At one extreme we* could warn the public that the financial markets were all fundamentally dubi*ous, and they should trust nobody*. Alternatively we could impose a heavy-weight regime of restrictions which could guarantee the public's safety, at the cost of crippling the flexibility and efficiency of the system.

We have chosen a middle course. *Pompous regulators have set up expen*sive structures, and bankers and insurance officials pose as paragons of virtue. The public, however, has no easy way of knowing, in the wake of the BCCI collapse, which institutions are sound. Moreover, compensation is a lottery: Barlow Clowes victims have been repaid, even though they were strictly speaking not entitled to be, while Maxwell pensioners are simply not covered.

Defences are being hammered into place. This week officials of Imro, the regulatory body which authorised Robert Maxwell to control Bishopsgate Investment Management, claimed in front of a Parliamentary Select Committee that there were no grounds for turn*ing him down*. If that is true then there seems little point in the whole elaborate approach which has been developed through the Financial Services Act 1986. Of course, it may not be true, and it may be simply that the Imro men were, like most people, frightened of crossing the litigious Maxwell.

Curiously, Imro has been much more ruthless in cracking down on several leading investment institutions which have run into administrative problems with their personal equity plans. They have been heavily fined because small *sums went astray. On the other hand*, the much bigger problems which many life assurance companies have had in administering personal pension plans have gone entirely unpunished, because they are the responsibility of another regulator, Lautro, which takes quite a different attitude.

These inconsistencies are unfortunate, but the real point about the trials *of Imro is* that bureaucratic bodies of this kind are better at enforcing well-defined rules than they are at dealing with slippery people. Infringements involving misallocation of money or clear breaches of rules can be detected by inspectors, whereas the suspect *behaviour of individuals normally has* to be reported by someone and recognised as potentially dangerous by a regulator.

Indeed, clients sometimes complain, but fellow practitioners or professionals such as accountants, lawyers or actuaries seldom do. Nobody shopped Robert Maxwell. Telling tales is not part of the City of London's culture but, unfortunately, *our system* of self-regulation assumes that it is.

Protection has a price. The public scarcely lost out through business failures in the old London Stock Exchange before Big Bang. But this was because the market was run as a cartel with generous commissions and the ability to eject troublemakers. Once competition was introduced the old compensation scheme had to be abandoned.

There is a particular problem when the professionals meet the public. In professional markets, dealers are essentially trying to cheat each other, within certain rather fuzzy conventions. When cases reach court it is hard to define precisely what normal custom and practice consists of, and dishonest (let alone criminal) behaviour is therefore almost impossible to prove. Should the public ever blunder into this ethical pea soup it is gravely at risk.

Few private individuals were exposed to the manipulation of the Blue Arrow rights issue but more than 20,000 were tempted by the prospect of large and easy returns into becoming Names at Lloyd's. By definition these are – or *were* – people of substantial wealth. They trusted the professionals, and the *problem was not just that the profes*sionals claimed to be honest when they were not, but that so many of them actually believed it themselves. Within largely closed communities it is too easy for people to take it for granted that they are entitled to huge rewards for undemanding responsibilities. No bell rings when greed becomes dishonesty. Perhaps the peak of the fraud *cycle is over. But in the end it may* prove a mistake to try to impose arbitrary standards of business ethics across a broad front. It might be better to provide a restricted range of heavily regulated and protected investments and services and then to warn members of the public that they stray at their peril.

But a warm smile, an obsequious manner and an extra *percentage point* of interest might still collect quite a lot of money down Eastbourne way.

FINANCE AND THE FAMILY

London Markets

BP causes a spasm with its dividend

By Peter Martin, Financial Editor

IN 1981, ICI cut its dividend and the stock market shuddered, then shrugged off the news. A less drastic dividend decision from British Petroleum sent the stock market into rather more of a spasm this week.

ICI's decade-old dividend cut was significant because it signalled just how dire the early-1980s economic recession would be. BP's decision – and a slight refigging of dividend policy by Hanson – similarly prefigure the future, but in a slightly different way. They provide fresh examples of the pressures on UK companies' dividend policies over the next few years.

On Thursday BP decided to hold its fourth-quarter dividend unchanged, producing a rise for the year of 4.7 per cent, barely more than the inflation rate. Robert Horton, BP's chairman, told analysts on Friday that the company must ensure that dividend payments are covered on a replacement cost basis. BP's replacement cost profits – that is, profit excluding stock holding gains or losses – amounted to £72m in the fourth quarter; the quarter's dividend payout will come to £227m. On that logic, unless BP's earnings improve the dividend must ultimately come into question.

The outlook offers little comfort. "Trading conditions for the first half of 1992 are likely to be broadly similar to those of the previous six months," said the company. Much therefore depends on the "demanding cost and profitability improvement programme" underway throughout the group.

BP shares reached their all-time high of 377¼p in July 1987, just before the October crash and the government share sale that so disastrously coincided with it. The echoes of that event still linger: because the sale went so badly, the Kuwait Investment Office was able to pick up a substantial stake in BP, which the company later bought back, weakening its balance sheet just at the moment when oil prices fell and the economy went into a downward slide. In October 1992, BP shares were touching 354p, before sliding to trade between 275p and 295p. On Thursday, the day the profits and dividend were announced, the shares closed at 274p, a drop of 10p on the day, but still more or less in touch with the trading range. The next day, Friday, saw the real damage: Horton met the analysts and the shares had fallen to 255p by midday. They closed at 255½p, their lowest since January 1989. Since autumn 1991, BP has underperformed Shell by a quarter.

The message sent by the Hanson dividend development was rather different. Hanson is switching to quarterly rather than half-yearly dividends, citing the desires of its US shareholders. Shareholders will be unaffected, but a timing adjustment will neatly reduce the dividends paid in the year to September 1992, and thus lower the company's advance corporation tax (ACT) payments. Like many big UK companies, Hanson finds itself unable to reclaim all its ACT payments because it hasn't enough mainstream corporation tax against which to offset it.

Hanson's tax-management skills and ability to keep buying UK earnings have kept this burden to a minimum. Other companies are under greater pressure. The Hanson dividend switch tells us perhaps less about the company's famously deft financial management than analysts' immediate comments suggest. Instead, the lesson may be a more general warning of downward pressure on dividend growth created by the interaction of four factors: the UK's tax system; the country's high payout ratio; its worse-than-elsewhere recession; and the high overseas exposure of its big companies.

In 1981, despite the ICI dividend cut (and FT headlines such as "The City shivers") the market closed the week of the announcement up 18.2 points on the FT Ordinary share index. This week, the market closed at 2,513.9 on the FT-SE 100 index, a drop of 3.3 points on the week. That understates the BP impact – at mid-morning on Friday, the FT-SE was a fraction away from breaking the 2,500 level. It steadied, however, and the recent trading range remained intact.

One reason is undoubtedly that the imminence of the election has left the City in a form of suspended animation. Neither good news, such as the lower-than-expected inflation figures; nor bad news, such as a gloomy assessment of the economic outlook by the Bank of England and much-worse-than-expected unemployment figures, can break the trance.

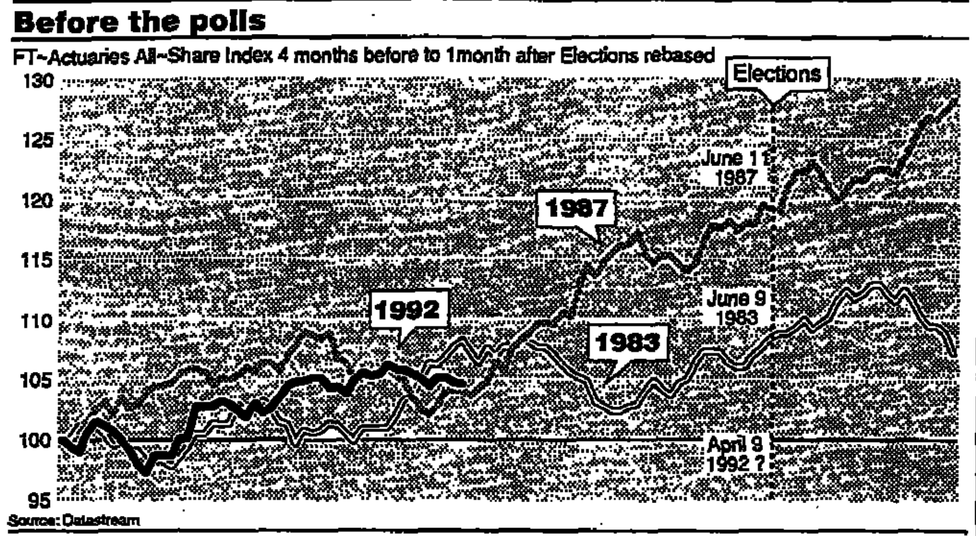
As the charts show, the most recent two elections both show a pattern of rising equities in the months before the vote. So far, working on the assumption of an April 9 vote, the stock market has tracked its previous pattern. It is now faced with a choice, however. If it is to replicate recent form, the market might follow the steady rise of 1987 to the election date and beyond. Or it might repeat the pattern of 1983, with a dip before the election, then a recovery in the closing weeks of the campaign, and a fall later on. In both cases, however, there was a steady downward trend of trading volumes in the weeks before the vote. This year, that pattern seems to have set in early.

One other striking feature of recent weeks has been the way in which shares which have done best so far this year differ from those which have done worst. Looking at companies of reasonable size, those which have risen most seem to be ones away from the core of the market: medium-sized media businesses, for example, specialised retailers and so on. Those which have fallen most have a markedly more heavyweight character: the bottom 20 includes British Gas, Wimpey, General Accident, Pilkington, Ranks Hovis McDougall, British Aerospace, Taylor Woodrow and BET.

When such key institutional holdings show drops of 10-20 per cent while the market as a whole is rising 2 per cent, there may be more pessimism at work than the broad averages show.

Before the polls

FT-Actuaries All-Share Index 4 months before to 1month after Elections rebased



Source: Datastream

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991/92 High	1991/92 Low	
FT-SE 100 Index	2519.3	-3.3	2679.6	2054.6	Recession worries
Airtours	253	+17	265	38¾	US buyers/buoyant bookings
British Aerospace	271	-16	653½	263	Balance sheet worries
British Airways	254	+33	257	122	Better than expected figures
Bulmer (HP)	274	+20	291	173	Fears of higher cider tax recede
Harland Simon	193	-402	713	193	Profits warning
Ladbroke	222½	+15½	293⅜	188¼	Switching from Forte
Lloyds Abbey Life	396	+19	442	312	Kleinwort increases div forecast
News Intl Sp Div	340	+37	358	85	Good figures from News Corp
P & O Defd	378	-43	595½	375	Feared troubles at Chelsfield
Rank Org	692	+23	779	548	Switching from Thorn EMI
Reuters	1135	+45	1150	673	Positive response to results
Securicor A N/V	635	+75	635	424	Cellnet stake sale hopes
Sherwood Computer	205	+51	205	85	New contracts
Tiphook	342	-40	587	305	Bear raids

Serious Money

Can the Recovery theory recover?

By Philip Coggan, Personal Finance Editor

WHEN investment trusts start being advertised on television, cynics could reasonably assume that we had reached the height of a bull market.

The traditional time to float a specialist trust has been when that sector is top of the performance tables. All too often, private investors are lured in to buy at the peak of the market.

M&G's Recovery investment trust certainly cannot be criticised on such grounds. It is being launched in the middle of a recession and at a time when its sister vehicle, the Recovery unit trust, has lagged badly in the short term performance tables.

Instead, the launch owes much to the end of tax year Personal Equity Plan season and to the imminent general election. As John Authers writes on Page III, Labour now says it will not abolish PEPs, which effectively negates much recent marketing hype. Investors must assess the trust for its investment potential and see the tax break as a bonus.

So how should one view the trust? Many readers will already have received the M&G mailshot, citing the impressive long term record of the Recovery unit trust – £1,000 invested at launch in 1969 grew to £65,280 (with income reinvested) by the end of January 1992. However, two eagle-eyed readers have pointed out that of the 105 funds M&G lists, only three have beaten the All-Share over the last five years.

None of the 11 M&G trusts in the list beat the All-Share over a five year period, and nine, including Recovery, failed to beat the building societies.

So one has to decide whether the recent years have been a aberration in M&G's otherwise excellent long term record, or whether the company has lost its touch.

There is a case for arguing the latter. Richard Hughes took over as manager of the Recovery trust in 1987, replacing the highly successful David Tucker. The unlucky Hughes came in at the peak of the bull market, only to face the Crash, and then a long recession. Nevertheless, it could be that the departure of Tucker has weakened the trust.

A second question, which we raised last month, was whether the recovery philosophy has as much mileage as it used to. The core idea is that companies get into difficulties which cause their share prices to slump. A point is reached where these difficulties are overestimated, and at that point shares in such companies are cheap.

It has been those companies that are affected by the economic cycle which have tended to offer the greatest rewards to recovery fund managers. But analyst Bill Smith of BZW argues that such cyclical stocks have previously benefited from the devaluation of sterling as the UK comes out of recession – a process that is unlikely to be repeated within the Exchange Rate Mechanism.

Having said all that, the long term performance of the Recovery unit trust, and its strong growth at the end of previous recessions, cannot be ignored. If you have not already got a PEP for the current year, then this is a prime candidate for consideration.

Whether one needs to use up next year's PEP allowance as well – by investing £12,000 – is much less certain. One can now turn the marketing men's anti-Labour crusade on its head. If Labour is elected, then most City folk believe it will be bad for shares, at least in the short term. So why take the risk of committing a substantial sum to the stock market *before* the polls, particularly as £12,000 would be a large chunk of most people's portfolios.

The structure of the trust is similar to that of M&G Income. There are three classes of shares – zero dividend, income and capital – but most investors will probably want to apply for the package. To those investors, the split structure will be irrelevant, save that it should stop the trust from falling to a discount.

There are two important caveats. Investment trusts new issues are not like privatisations; there will be no opportunity for short term profit. And the PEP attractions should not be over-emphasised. The trust will yield 5 per cent, so the maximum income tax gain to a higher rate taxpayer who invests £6,000 in the trust is just £120. A moderately bad stock market could wipe out that saving in one day.

However, the good news is that the initial charges, at 3.99 per cent, are lower than on other recent investment trust issues. And some of those costs could be saved by applying through a execution-only adviser such as Baronworth Investment Services (081-518-1218), Boyton Financial Services (0787-61919) or Chamberlain de Broe (071-235-5999).

Under the tender offer, investors have to bid a fixed price for the individual classes of shares. Here the vast majority of investors will need advice, which must be paid for.

It will be a tricky calculation; if the assets of the trust grow at 5 per cent per annum, then at 40p, the gross redemption yield on the zeroes will be 14.1 per cent. If the assets do not grow at all, then the investor who pays 45p will get a yield of just 7.4 per cent.

Those who want the advantage of a PEP will have to switch the shares into a general PEP when they know their tender has been successful.

The obvious candidate for PEP inclusion is the income shares, which get all the income of the trust but have virtually no redemption value. They are thus rather like a ten year annuity, and in early years should carry a high yield. At 35p, the running yield will be 14.3 per cent.

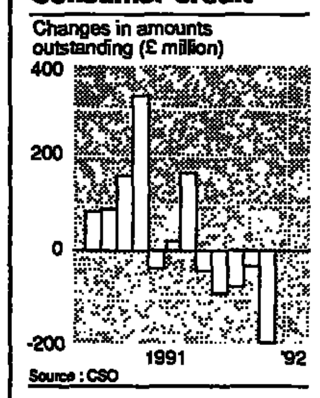
But beware. If the income on the trust grows at only 2.5 per cent per annum, an investor who bids 40p will get a gross redemption yield of just 6.4 per cent. As you can see, good advice is essential.

■ Further details: Page 8, Section One.

AT A GLANCE

Consumer credit

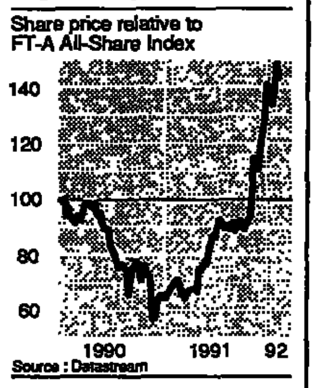
Changes in amounts outstanding (£ million)



Source : CSO

Wellcome

Share price relative to FT-A All-Share Index



Source : Datastream

An aversion to debt

British consumers in December made the biggest monthly net repayment of debt since 1976, a further blow to hopes of a consumer-led recovery. The £196m net repayment was the fifth successive month that consumers paid back more than they borrowed, and followed November's net repayment of £34m. The figures suggest that most consumers, chastened by rising unemployment and high interest rates, are behaving prudently and paying off expensive debts accrued in the 1980s.

Wellcome shrugs off criticism

Wellcome shares were barely dented this week by a Channel 4 programme critical of its anti-Aids drug, AZT. The stock was one of the best performers of last year and is now one of the highest rated companies on the stock market, with a price-earnings ratio in the high 30s.

New share service set up

Granville Davies has set up a execution-only share dealing service called Transact, with a minimum commission of £15 for postal dealings and £17 for telephone transactions. The percentage rate is 0.75 per cent, which will effectively start to apply on deals above £2,000. Telephone clients will have to pay an annual registration fee of £10 and sign a customer agreement letter (the number is 071-338-0350). The London-based Granville Davies is a member of the Stock Exchange and the Securities and Futures Authority.

With-profits bond from CU

Commercial Union Life is launching a new with-profits bond, which will initially offer an annual bonus of 9.5 per cent. Minimum investment is £1,000, with a front end charge of 5 per cent. CU has maintained the right to make "market value adjustments", which means that there could be penalties for early surrender.

CU is making the second highest pay-outs on 25-year endowments of those offices which have so far announced their bonuses, and hopes to profit from the current popularity of the bonds – for example, Norwich Union's with-profits bond, now largely withdrawn from the market because the office was suffering capital strain, raised £700m last year alone.

Lloyds relaunches private service

Lloyds Bank has relaunched its UK private banking after refurbishing its 31 regional offices. Front and back office operations have been separated, enabling account executives to devote more time to each customer. Lloyds, which has 22,000 UK private banking customers and more than £3.3bn in funds under management, says that it can now offer its private banking customers an enhanced service. Lloyds private banking is available to customers with more than £75,000 in disposable assets.

Quiet week for smaller companies

There was little sign this week of the long-awaited revival of small company shares. The Hoare Govett Small Companies Index (capital gains version) fell 0.2 per cent to 1197.69 over the week to February 13; the County Smaller Companies Index fell 0.1 per cent to 952.23 over the same period.

Wall Street

The encore that's a long time coming

THE problem facing many US equity investors is that having discounted a US economic recovery and sent the Dow Jones industrial average to record levels, it is hard to come up with an encore.

Wall Street has been pretty much treading water for the past two weeks; the Dow Jones index has stayed comfortably above the 3,200 mark and trading volume has been moderately heavy at an average of 200m shares a day.

But the big shift to equities from money market funds, certificates of deposit and bonds appears to have abated. There seem little fuel left to drive the December-January rally.

Since last Monday the Dow Jones index gained a net 17 points – it stood at 3,242.40 yesterday.

The gain could have been much higher, since the market was up by 51.43 points by Wednesday. But on Thursday the Dow Jones index dropped by 30.18 points on the back of a sharp decline in bond prices and fears that monetary policy will not be eased in the near term.

Yesterday's decline of 4.25 points suggested a market that is slightly weary, and increasingly uncertain.

Uncertainty is the by-word for most top US bankers and economists. Although scattered statistics such as the 0.6 per cent jump in January retail sales and stronger US car sales in the first ten days of February suggest a glimmery of recovery, few forecasters expect much of a turnaround before mid-year.

Add to this equation continued market uncertainty over the plans of the Federal Reserve Board on the interest rate front, plus uncertainty over the fate of President Bush's budget package and election year tax gimmicks, and the result is a growing malaise among investors.

One is tempted to say that the lemmings should have known better, having begun the Wall Street rally with typically overdone fervour about the macro-economy's prospects.

Now it is back to the day-to-day shift in sentiment that is conditioned largely by the flow of data from Reuters screens.

Few are claiming a grand vision of the US economy's prospects, including some members of the Fed's own board. As one member said recently: "I think prospects for the economy are probably more uncertain now than in the past."

A rough consensus is emerging that if growth in the second half of 1992 can notch up to the three per cent level, the current year will end with an average growth rate of around two per cent. But even that is something of an if.

Art Ryan, president of Chase Manhattan, said this week he feels pretty sure of little or no growth for the first six months of 1992 and is "not even sure" there will be much growth in the second half of the year.

Both the American business community and federal officials are in an impatient mood, wondering why last December's full-point cut in the discount rate has not already produced an upturn in consumer confidence and capital investment.

A partial answer may be that many potential consumers, as well as borrowers and lenders, are still feeling traumatised by the recession. Sentiment is at best equivocal for most.

Alan Greenspan, chairman of the Federal Reserve, was also equivocal this week. He repeated his earlier view that "we believe that the monetary ease now in the pipeline is adequate to turn the economy on to the path of sustained recovery." But he allowed that the Fed would, "if necessary, move toward an increased degree of monetary ease."

In coming weeks Wall Street will probably be moved by the fortunes of President Bush's budget package, which this week was partly sandbagged by Congressional Democrats, who are keen to replace it with their own election year gimmicks.

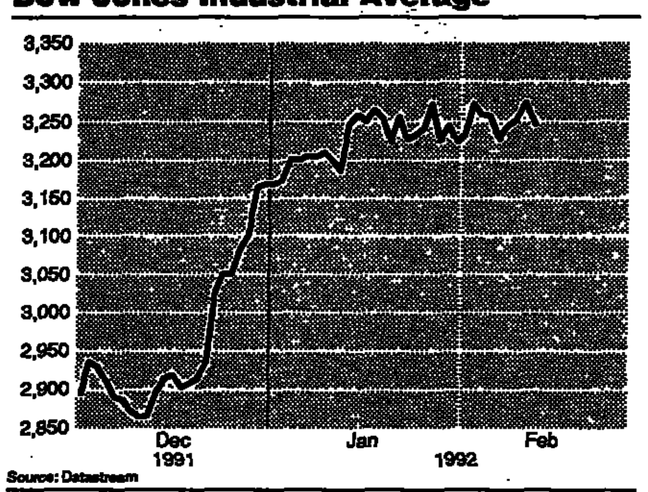
The slow-motion dismantling of the President's proposals led some in the US media to quip that when Bush said in his State of the Union message that the US recession "will not stand" what he really meant to say was that his own proposals would not stand.

This week's statistics may indicate that car sales improved in early February, but the dire state of Detroit looks unlikely to improve in a substantial way. Witness, for example, the $2.6bn after-tax loss revealed by Ford this week, with the company's fourth quarter loss alone totalling $476m.

The upcoming fourth quarter results from General Motors are likely to show an even larger loss, in the order of $600m to $750m.

Alan Friedman

Dow Jones Industrial Average



Source: Datastream

Monday	3245.08	+ 19.86
Tuesday	3251.57	+ 6.49
Wednesday	3276.83	+ 25.26
Thursday	3246.65	– 30.18

The Bottom Line

Up and away for celebratory BA

BRITISH AIRWAYS celebrated the fifth anniversary of its privatisation in style this week.

At a time when most other international airlines are continuing to report heavy losses, BA surprised the market by announcing a fivefold increase in third quarter pre-tax profits of £100m. Buoyed by this impressive performance, its continuing merger negotiations with KLM Royal Dutch Airlines and talk of a possible investment in the French regional carrier TAT, BA shares hit their all time high.

Anybody who had bought the airline's shares at their original offer price of 125p in February 1987 would have more than doubled their money. The shares ended the week at 254p.

All the signs point to further gains. After outperforming the competition, BA is strongly placed to take advantage of an eventual recovery in the airline business, although the timing of a sustained traffic upturn remains uncertain.

"They have managed to maintain a good increase in passenger and cargo yields despite the lack of full fare paying traffic in a very difficult period," says James Halstead, airline analyst at Hoare Govett. "They also managed to pull through their cost reduction programme last year and they will clearly be in a good position when the industry finally comes out of recession," he added.

Although the company benefited from lower jet fuel prices and favourable currency exchange fluctuations, its profits also reflected the cost cutting drive launched by the airline well before the outbreak of the Gulf crisis which sent the industry in a tail spin last year.

The airline reduced its staff by 10.9 per cent last year from 54,665 to 48,728 employees worldwide. Productivity was increased by 11.4 per cent. And the company is continuing to maintain a tight handle on costs. "In these uncertain conditions, it is essential to seek further cost savings," Lord King, BA's chairman, said this week.

The other important factor, which contributed to the better than expected performance, was the company's ability to improve its yields. This was the fruit of BA's sophisticated yield management system designed to get the optimum return out of its aircraft and its refusal to engage in suicidal price discounting.

Apart from the general air travel slump, BA also faced last year the arrival of stronger American competition on its important transatlantic routes with the start-up of services by United Airlines and American Airlines to Heathrow, BA's London home base. BA has so far managed to fend off the initial attack from the US mega-carriers, maintaining its 40 per cent share of the UK-US market. But the UK airline is bracing itself for a new onslaught from its American competitors.

BA's financial performance in a particularly tough year (pre-tax profits are likely to total around £280m-£285m for the year ending March 1992 compared with £130m the year before) is expected to strengthen the company's hand in its current merger negotiations with KLM.

The negotiations have entered a critical stage as the two parties continue to argue over the precise degree of ownership and control for the combined airline operations which would create a giant new carrier. BA is understood to be seeking 80 per cent ownership but would perhaps settle for 70 per cent, while KLM is currently insisting on 60 per cent for BA and 40 per cent for the smaller Dutch carrier.

"As long as BA is not greedy, the deal has strong chances of going ahead," one City analyst said. Failure to deliver the deal is likely to disappoint the market and impact BA's shares. But if the merger succeeds, it would give the shares a big boost. The City sees substantial benefits for both BA and KLM. Rationalisation could provide up to £500m in annual cost savings. It would give BA a new European hub in Amsterdam.

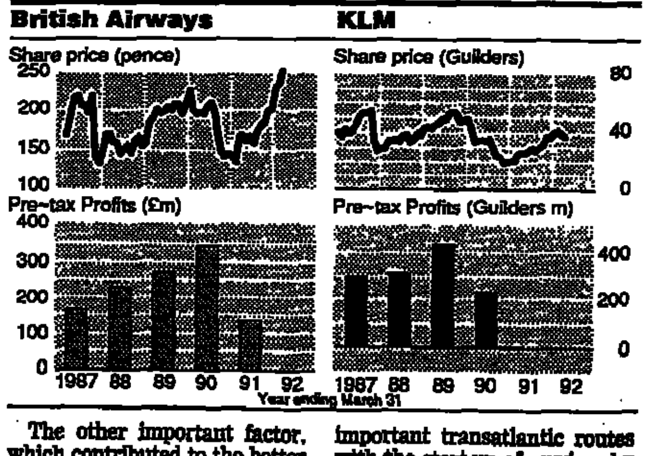
The new combination would become a strong competitor not only against other big carriers but also against smaller, more cost efficient airlines. It would also accelerate the overall consolidation of the industry around a few large airline groups.

For Lord King it would complete his ambition to transform BA into a truly global airline. It could also be his swan song. At 74, he may decide to step down at the end of this year when his current mandate runs out. He would have successfully piloted the company through its initial restructuring leading to privatisation and then, during the last two years, through the worst period in modern aviation history. There are already strong indications that Sir Colin Marshall, BA's chief executive and deputy chairman, will succeed him.

But BA has always been idiosyncratic. It also has a habit of springing surprises, like this week's bumper third quarter profits.

Paul Betts

British Airways **KLM**



FINANCE AND THE FAMILY

How investors can beat the cowboys

***John Authers** on ways to spot fund fraud*

IT IS easy to spot the criminal now. Peter Clowes, the disgraced managing director of the Barlow Clowes fund management company, which crashed in 1988, was jailed for 10 years this week. But when Clowes' career was in its prime, and he walked without handcuffs on his wrists, he was much harder to spot – as the painful experiences of his investors attest.

He was not the first financial con-man to get away with it for a while and he will not be the last. The important point now is: how do you spot the next Peter Clowes before entrusting him with your money?

Last year, the Securities and Investments Board (SIB), created by the Financial Services Act (FSA) to co-ordinate financial regulation, published a pamphlet called *How to Spot the Investment Cowboys*. It provides a useful series of checks to make when someone – either an intermediary or a product-provider – is asking you for money. Some are listed below. Would they have stopped you investing with Barlow Clowes?

■ **Your adviser offers a rate of return which seems higher than anyone else. If it seems too good to be true, it probably is.**

Unfortunately, Barlow Clowes would have passed this test narrowly. The rates on offer were good but did not stretch credulity. They were also perfectly in accord with what the company said it was going to do with the money – manoeuvre holdings of government bonds adroitly in offshore accounts. The Barlow Clowes Portfolio offered a high guaranteed tax-free annual return of 9 per cent – very good, but not stratospheric. Perhaps these rates should have been enough to prompt further questions.

■ **He invites you to put money into a special scheme run by him, which he cannot explain in detail.**

This comes closer to the nub, and SIB goes into details on the kind of questions you should ask to discover how your money really is being spent. It was through a test similar to this that David Kanders, a Taunton fee-based adviser specialising in gilts, spotted that Barlow Clowes was not to be trusted.

Kauders said: "I asked them to confirm that they were holding gilts and stock in clients' own names. They replied that their stock was held by a branch of Midland Bank. I was to contact the branch to find out details. When I contacted the branch directly, they said they could give me no details and I should contact Barlow Clowes. That was one of the classic danger signs."

As a result, Kauders advised any clients who came to him with Barlow Clowes investments to get out while the going was good. He now insists, partly in reaction to the Clowes experience, that clients hold all certificates themselves.

Another point he makes is that if you use a fee-charging adviser, you can pay solely for the advice and then do the transactions yourself. This short-circuits the problem neatly.

■ **He advises you to put all your money in one investment.**

Diversification must always be a good idea. The Barlow Clowes "portfolios" were supposed to be invested long-term in gilts, making them appropriate for wide-scale "widows and orphans" investing. The pain so many investors suffered would have been that much less had all of their money had not gone into one investment.

■ **Your prospective adviser has an expensive lifestyle that seems out of scale with his business.**

Bulls-eye! As a quick look at this week's tabloid press will show, this test would have revealed Clowes as a suspect cowboy. You might not have been able to tell this from the intermediary who sold you the Barlow Clowes policy, but it still helps.

Perhaps most important:

■ **Your adviser is not authorised.**

The definition of this word has changed since the introduction of the Financial Services Act. At that time, authorisation and regulation were the direct responsibility of the Department of Trade and Industry.

Barlow Clowes' authorisation was itself a vexed issue. From 1975 to 1981, the company was able to trade unlicenced due to what the ombudsman's report – published at the end of 1989 – described as "licencing errors." This made it easier to avoid awkward questions as the licencing regime was tightened, and Barlow Clowes was to gain a licence for the last few years in which it traded.

It is fair to say that this mess would be much less likely to occur now. Also, investing with an authorised company now at least opens the door to the Investors Compensation Scheme if things go awry. The register of all authorised companies is available via Prestel, or by writing or telephoning SIB.

In addition, company advertisements, notepaper and business cards should carry the logo of the relevant regulator – such as SIB (the overall co-ordinating body), Fimbra (for independent intermediaries), Lautro (life assurance and unit trusts), Imro (investment managers), or the SFA (for securities and futures brokers). The absence of such a logo is a very bad sign.

The FSA regime has its faults, many of which have been well-aired in these pages. But it has made it easier for small investors to protect themselves.

There is little that can be done about outright liars – had Clowes done with the money what he said he was going to do, his portfolio might have been a sensible choice. But look out for the signs and you should be able to keep your life savings in your own safe hands without invoking the authorities.

■ *How to Spot the Investment Cowboys, published by the Securities and Investments Board, Gavrelle House, 2-14 Bunhill Row, London EC1Y 8RA.*

Clowes, left, handcuffed to co-defendant Peter Naylor. Both were jailed this week

COMPENSATION: WHAT'S ON OFFER

IF YOU are caught out by a cowboy, you will need to rely on compensation, writes John Authers. But the rules are complicated and vary from investment to investment.

They have also changed totally since the Barlow Clowes affair. On that occasion, compensation was funded directly by the Department of Trade and Industry, and was announced in December 1989 after the ombudsman's scathing report into the handling of the affair.

That compensation, totalling £150m, was somewhat more generous than the arrangements now available – investors who lost £50,000 or less received 90 per cent of their money. For sums between £50,000 and £100,000, 80 per cent was paid, and for sums above this the proportion dropped to 60 per cent.

As Barry Riley points out in The Long View, the new arrangements have rather less than their fair share of logic. For example, pensioners reliant on defrauded pension schemes seem to have no defence. But the rules still dictate the compensation you will receive.

If you go to a licensed Independent Financial Adviser (who will be a member of Fimbra) or an appointed representative of a fund manager or life office (in which case the company will be a member of Lautro), then you are protected by the Investors Compensation Scheme.

This ran into funding problems last year, due to the heavy burden of claims on Fimbra members, and investors had to wait for pay-outs. Its rules are complicated – the first £30,000 of the initial value of an investment are covered completely. You then receive 90 per cent of the next £20,000, so that the maximum compensation is £48,000.

Those investing in guaranteed income bonds have the security of the Policyholders Protection Act will pay out 90 per cent of the sum invested, without limit.

What about "safer" forms of investment? Even banks, as we all now know following BCCI, can go bust. In the UK they are covered by compensation which will pay you 75 per cent of your investment with the bank, up to a maximum of £20,000. Thus the greatest compensation you can receive is £15,000, and deposits above £20,000 are effectively uncovered.

Building societies are marginally safer, covering 90 per cent of investments up to £20,000. The maximum compensation you could receive is £18,000.

Legislation means that societies have to be much more cautious than banks in their lending, so a crash is extremely unlikely. However, the US experience with "Savings and Loans" institutions, and some recent building society mergers, show that a building society crash is conceivable.

Peps are safe says Labour

ARE YOU investing your hard-earned cash in personal equity plans (Peps) simply out of fear of a Labour government? It might be time to think again.

Labour has until now suggested a number of possibilities for changing or improving the scheme, while retaining the option to abolish Peps altogether. The party's pronouncements have become steadily warmer over the past year.

Chris Smith, Labour's Treasury spokesman, declared this week in the most definite statement yet: "We believe Peps do have a role to play within the savings and investment market. We don't necessarily share the present government's view that they are the best thing since sliced bread but, nonetheless, they have their uses and we don't have any intention of sweeping them away."

Much present financial marketing is, however, based on the premise that the next tax year could be the last for Peps. The attitude is: "Buy now while stocks last!"

The validity of this approach is already in question following a successful complaint to Lautro by Marjorie Mowlam, Labour's City spokeswoman. She claimed a letter from an Abbey Life sales representative to clients was misleading because it said: "It is no secret that a Labour government would abolish a number of tax-planning opportunities."

Some Pep advertisements have used arguably stronger language. An article Smith wrote in the trade newspaper *Money Marketing* on January 30 said: "We do ... believe that Peps can be of some value as a savings and investment vehicle ... Where a Pep-linked mortgage has been established, we would seek to ensure that the mortgage would continue to be linked to a Pep."

This appeared on the same page as an advertisement for the Henderson Election Pep which featured the slogan: "Will the First Election Pep Be Your Last?" Neil Kinnnock is pictured saying "Yes!"

Smith described this as "wholly misleading." He said: "We would simply ask organisations like Henderson to stop engaging in advertising which misleads the public." But Robin Berrill, managing director of Henderson Investment Management, defended the advertisement strongly, saying Smith had made no categoric promises to maintain Peps untouched.

He pointed to one phrase: "What role, therefore, should Peps have? They probably do have a role to play in the overall patchwork of savings provision, but the Labour party is not entirely convinced that they merit their high relative status in the tax system." To which Berrill retorted: "If he says that clearly states their position, I would say he needs a dictionary."

He said the advertisement had been based on a comment by Mowlam, to *Money Marketing* last year, that "we would not continue the tax relief to Peps." But Henderson is prepared to review the advertisement if Smith provides a categorical written assurance that Labour will not abolish Peps in their present form.

Mowlam said this week that Smith's statements reflected the party's position and superseded her earlier comments.

Labour certainly intends making significant changes to Peps. The proposals Smith is considering are similar to the "XPep" (or extended Pep) advocated by the Institute of Fiscal Studies. This would include cash deposits, bonds, or collective funds on an equal footing with equities. Such a scheme would convert Peps into a vehicle aimed directly at encouraging saving.

Introducing such an XPep would also go some way towards alleviating any pain caused by the proposal to levy National Insurance contributions on investment income above £3,000 a year.

There is no reason not to commit money to a Pep if you think it makes sound investment sense. In the next tax year, however, you could well have a broader choice of Peps. Once the election is over, it should also be clearer how much money you are able to commit to this long-term investment vehicle.

J.A.

FINANCE AND THE FAMILY

Home rescues begin

ANDREW Longhurst, chief executive of the Cheltenham & Gloucester Building Society, declared this week: "Our aim is to ensure that our customers don't get into a position where they have to be rescued."

When the government and building societies met to discuss the housing repossessions crisis just before Christmas, Longhurst was the only building society chief with the nerve to resist the pressures from the politicians for mortgage-lenders to come up with rescue schemes.

The lenders, mostly building societies, pledged more than £800m. In return, the government has arranged that, when borrowers are on social security, mortgage interest will be paid direct to lenders.

Now, the lenders are getting under way with their rescue schemes.

Nationwide Building Society led the way, followed by the Halifax, Bradford & Bingley, Leeds Permanent and the National Westminster Bank. Woolwich is expected to start in the next few days.

Only one centralised lender has a rescue scheme so far: the Mortgage Corporation, which has a £15m business expansion scheme to convert 150 homes into assured tenancies.

Most of the schemes launched so far are trials that will operate on a relatively modest scale. Halifax's £18m, for example, is expected to rescue about 350 home-owners, and Nationwide's pilot scheme about 100.

A variety of techniques is being used in the schemes. They include:

■ **Mortgage to rent.** The borrower sells his home to either a housing association or the lender and becomes its tenant at an affordable rent.

■ **Equity sharing.** This is the route favoured by the Leeds Permanent. It is spending £100m on injections of cash that will, in effect, buy a part-share in a house and so reduce a customer's debt burden.

■ **Advice and counselling.** This costs little and could be the most effective rescue technique of all.

More schemes are on the way from other lenders. But how many people will they save? The lenders seem to think about 20,000.

On *Desert Island Discs*, prime minister John Major gave the impression that the government thinks it has solved the repossessions' problem. This is not quite the case.

Last year, there were 75,500 repossessions and, on present trends, there will be around 80,000 this year. A much larger number of people — around 275,000 — have mortgage arrears of more than six months.

David Barchard

BES year-end flurry

THE BUSINESS Expansion Scheme is diversifying again. The end of the tax year has produced a flurry of issues and some show a return to the scheme's original philosophy of encouraging "risk capital" for small companies.

Meanwhile, another established City firm is expected to enter the market for low-risk covenanted "buy-back" BES companies next week. But Steven Rowe, chief executive of BES Monitoring, has doused some of the optimism. He said: "Many assured tenancy issues will turn out well — but there has already been one "guaranteed" issue, sponsored by Raphael Zorn Hemsley, where the "guarantor", Fairbriar, has since entered administrative receivership — and one does not have to go back too far in the BES's history to find "secured" contracting schemes — which were anything but secure.

You might still consider the following new issues:

■ **Airways Assured Growth** has a buy-back agreement to pay £1.40 back in five years' time for every £1 spent now. It will build accommodation for the British Airways Housing Association in Berkshire, and is backed by a deposit.

■ **The Black Sheep Brewery,** sponsored by Wise Speke, will invest in a brewery in Masham, north Yorkshire, which will make "traditional" draught ales.

■ **Ridings Assured Growth,** sponsored by Capital for Companies, is raising £10m to buy properties from Tay and Persimmon — buy-back covenantof £1.38 for every £1.

■ **The Mercedes-Benz Dealer Fund,** sponsored by Capital Ventures, is a rarity these days — a series of trading companies which will invest in Mercedes-Benz dealerships.

■ **WISH (Worthy Investment In Social Housing)** is raising £10m for the South London Family and South Wight housing associations — covenant £1.35.

John Authers

Cash points: the next generation

A NEW generation of machines, called TouchBank, has begun to appear in branches of Barclays Bank. They look like cash machines, but the one thing they cannot do is dish out money.

Instead, by touching their colour screens, customers can obtain services including: ordering statements; printing an on-the-spot list of standing orders and direct debits; paying bills, or transferring money between a savings account and a current account.

TouchBank can also be used to buy immediate travel insurance. The machine guides the customer through a series of questions and offers a printed quote. If the customer accepts, it then debits the money from his or her current account and sells the policy.

It can also perform the same service for a mortgage, asking the customer whether he or she wants an repayment, endowment, or pension mortgage and other details about their age and income, finally coming up with a printed quote.

At this point the person using the machine — who need not be a Barclays customer — will probably want to make contact with branch staff before taking the deal further. The quote can be used as a benchmark against which other mortgage offers are assessed.

Quotations for home insurance can also be issued straight away and foreign currency and travellers' cheques can be ordered and paid for directly out of your account.

To activate the machine, a Barclays' customer inserts his or her Connect card, types in their PIN number, and then touches the screen at appropriate points as images appear. The bank has installed the first nine experimental TouchBanks at branches including Cheapside and Victoria, London.

D.B.

Directors' Transactions

IN A reverse of the trend since the beginning of the year director sales outweighed purchases during the week.

The largest single transaction was at Nu-Swift, which provides fire protection and office cleaning services in Britain and the US. Having bought 20,000 shares at 490p in December last year, J G Murray, the non-executive chairman, has now sold 1.5m shares at 459p, while I C Dorr, another director, has sold 60,000. Nevertheless, J G Murray retains a majority shareholding in the company through European Fire Protection.

Three directors sold stock in Electronic Data Processing at 420.5p. This company has performed exceptionally well over the past 18 months with its share price increasing six fold since R Jowitt, the managing director and chief executive, bought stock at 65p. The computer related service group said that the sales by directors had been made in order to widen the shareholder base.

Kunick, which operates and distributes amusement machines, announced good year end results in January. Following this, five directors have bought a total of 570,000 ordinary shares at 9p. In November last year five directors acquired a total of 140,000 preference shares at 58p.

Angus MacDonald,
Directus Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Air London	750,000	825	1
Amersham	20,000	91	1*
Body Shop	3,110	11	1
Dunhill Holdings	25,201	107	1*
Elec Data Processg	440,000	1,850	2
Hoskyns Group	300,000	1,218	3
Nu-Swift	1,560,000	7,156	2
Storehouse	25,000	28	1
Greenhalls Grp	2,583	10	1
Ulster TV	9,130	16	1
Usher Walker	16,000	25	2
VTR	100,000	51	1
Warburg (SG)	50,000	294	1
Watson & Philip	1,457,000	4,692	1
Whitbread	40,000	185	1*
PURCHASES			
Aviva Petroleum	1,000,000	50	1
Beckman (A)	190,000	127	1
Clarke Foods nlipd	50,709	12	1
Glenchewton	91,321	10	1
Hewetson Inc convpf	35,000	19	1
Kunick	570,000	51	5
Mountleigh	2,100,000	145	2
North Sea Assets	75,000	25	2
Osprey Comm	50,000	10	1
Stratton IT	15,000	23	1
Usher Walker	10,000	16	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 3-7 February 1992.

Source: Directus Ltd, Edinburgh

Why my bank thought I was dead

"THE REASON that your bank have not paid the direct debit is because they say you are dead". That is enough to turn anyone's hair white — but when you are in your mid-twenties and feeling healthy...

My "death" arose from a simple household mishap. It began when the pull-out clothes line over my bath became twisted.

I took it off the wall to untangle it and put it back — securely, I thought, but when I loaded it with clothes it fell off and smashed a hole in the bath.

I told the story to a cousin, who advised me to claim on my insurance. I filled in several forms and two weeks later a recorded delivery envelope arrived from the Well Known Insurance Company (WKIC).

Hooray, I thought — a cheque! Not likely — I should have known that the course of true claims would not run smooth.

The WKIC informed me that I had not paid my last two direct debits; therefore I had defaulted, and therefore it would not be paying out. There was a footnote: "...if you wish to discuss this matter further please contact the writer."

I phoned the writer, who told me that I had not filled in a form the WKIC had sent me, and said that if I did not reply within 14 days my policy would be cancelled. I was mystified. I told him that I had not received any forms and that I wanted a better explanation. An hour later he phoned back to say that I had not been sent the form that I had not filled in.

He was also sorry to tell me that the reason the direct debits had not been honoured by my bank — the Well-Known Bank — was because according to them, I was dead!

The bank manager was very apologetic and diplomatic — after all, he was speaking to a deceased person — and promised to look into the matter. I stewed over the weekend and on Monday he rang to tell me that I had been killed off by a computer error. The WKIC had mis-spelt my surname and given the wrong account number to the WKB. The WKB, instead of pressing the "Account does not exist" key, pressed the "Account holder deceased" key by mistake.

It turned out to be a combination of errors — the bank had changed all the account numbers two months earlier and said that it would inform all direct debits and standing order holders. I demanded a letter of apology from the WKB (which arrived by return of post) and that the WKIC honoured the claim — which it will.

Adele Tobe

The Week Ahead

BRITISH Aerospace will report on Wednesday its preliminary results for the year to December 1991, which the City expects will show a pre-tax loss of about £85m against a pre-tax profit of £376m a year earlier. The loss will include heavy exceptional costs to cover the defence, commercial aircraft, motor vehicles and property group's restructuring programme.

The company said at the time of its flopped £432m rights issue last Autumn that it expected pre-tax profits before exceptional items of at least £150m.

The exceptional items which will lead to an overall loss include a charge of about £250m to cover rationalisation costs, a £45m extraordinary charge to cover the withdrawal of its Rover car subsidiary from the US last year, and a gain of £15m on the sale of the company's shareholding of SD-Scicon.

The company is also expected to maintain its final dividend.

Dalgety kicks off on Monday the reporting season in food manufacturing. The sector's results will be scrutinised particularly closely this time for signs of how far weaker demand and price-cutting at retail level are being passed through to suppliers.

Extensive rationalisation and cost-cutting in the past two years have done much to improve Dalgety's competitive position. However, this week's interim figures are expected to show only a modest increase.

Analysts are looking to between £52m and £55m at the pre-tax level, compared with £51.7m last time.

Glaxo's interim results on Thursday will also be watched closely. They are the first to include sales of several new drugs that will determine whether the company's phenomenal growth during the 1980s is to continue.

The potential blockbusters are Zofran, to control sickness during cancer chemotherapy, and Imigran, a migraine drug. If first half sales of Imigran are close to the £50m predicted by BZW, it is well on the way to becoming one of the world's handful of £1bn-a-year megadrugs.

BZW is forecasting a top-of-the-range £730m pre-tax profit for the first half, against £617m last year. Smith New Court is among the lowest with £680m.

Owners Abroad, the UK's second largest package holiday company, is expected to report on Wednesday full-year pre-tax profits of £30m, compared with £15.8m in 1990.

Of particular interest will be any statement on the current year's trading and whether February bookings for the summer are maintaining January's high volumes, despite pre-election jitters and the recession.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
AmBrit	$9\frac{1}{2}$	9	8	6.28	United Energy
Marina Devs.	180*§	175	98	31.22	Yattendon Inv.
Pickwick Grp.	238	235	173	63.25	Carlton Comm.
Robinson (Thos)	27	26	$12\frac{1}{2}$†	42.68	BM Group
Steetley	404	351	274	631.36	Redland
Thornton (G.W.)	210	200	203	13.92	Bromsgrove Inds
Trevian Hldgs	45*§	45	40	2.87♣	Frogmore Ests
Wilkes (J.)	195	190	177	34.31	Petrocon

*All cash offer. ††Cash alternative. ‡For capital not already held. ‡Unconditional. **Based on 2.30pm prices 14/2/92. †At suspension. §§Shares and Cash. ♣ For 58% not already owned.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Divs* per share (p)	
BP	Dec	72,000	(456,000)	-	(-)	18.8	(16.05)
Baldwin	Oct	2,280	(2,110)	8.3	(7.8)	2.8	(2.8)
Castle Cairn	Dec	94●	(110●)	0.79	(0.91)	0.75	(0.5)
Cheltenham & Glouce	Dec	183,800	(144,700)	-	(-)	-	(-)
Crest Nicholson	Oct	59,400 L	(8,060)	-	(3.86)	0.01	(7.86)
EFM Java Trust	Dec	-	(-)	0.23	(1.2)	0.06	(1.0)
Fleming American	Dec	3,870#	(4,620#)	1.26	(2.06)	1.25	(1.75)
Fleming Fledgeling	Dec	300●	(378●)	2.39	(2.99)	3.0	(3.5)
General Cons Inv	Dec	4,760●	(4,700●)	10.7	(10.67)	10.41	(10.41)
Kleinwort Overseas	Dec	5,100♥	(5,100♥)	3.34	(3.58)	3.2	(3.2)
Lancashire Enterprise	Dec	2,120	(-)	-	(-)	11.0	(5.0)
Lancashire & London	Dec	-	(-)	2.9	(2.7)	2.9	(2.8)
Manchester Ship Canal	Dec	10,800	(20,700)	339.0	(387.7)	4.5	(4.5)
Moorfield Estates	Oct	691 L	(565)	-	(4.4)	0.1	(2.4)
Olim Convertible Tst	Dec	1,500♣	(1,580♣)	9.96	(10.53)	8.5	(8.15)
Reuters Holdings	Dec	340,300	(320,100)	54.7	(49.5)	17.0	(15.0)
St Modwen Properties	Nov	2,110	(4,050)	1.7	(2.3)	0.55	(0.5)
Scottish American	Dec	18,400	(18,400#)	4.34	(4.42)	4.12	(3.8)
Throgmorton USM Tst	Dec	1,300♥	(1,470♥)	2.32	(3.71)	3.65	(3.65)
Trust of Property	Dec	95●	(102●)	1.443	(1.55)	1.432	(1.364)
Wickes	Dec	6,720 L	(7,850 L)	-	(-)	-	(-)
Windsor	Sept	1,200 L	(242)	-	(0.36)	-	(-)
Yeoman Investment Tst	Dec	3,170●	(3,220●)	12.87	(13.08)	13.6	(13.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Allied Leisure	Jan	1,850	(1,630)	1.5	(1.5)
Amstrad	Dec	15,180 L	(40,080)	0.4	(0.4)
Associated Energy	May	287 L	(-)	-	(-)
Bailey (CH)	Oct	306 L	(807 L)	-	(-)
British Airways	Dec✣	100,000	(20,000)	-	(-)
Bryant Group	Nov	9,800	(9,300)	1.4	(1.4)
Dudley Jenkins	Oct	254	(376)	1.35	(1.3)
Elbief	Oct	57 L	(55)	-	(0.18)
English & Caledonian	Dec	342#	(271#)	1.25	(1.0)
Fleming Overseas	Dec	2,370§	(2,480§)	1.5	(1.5)
GPA	Dec⊕	73,000	(55,500)	-	(-)
Gartmore American	Dec‡	2,120#	(1,920#)	1.0	(0.9)
Independent Inv Co	Dec	1,500#	(1,500#)	-	(-)
Jackson (William)	Oct	431	(1,850)	-	(-)
Mid Wynd Int'l.	Dec	206†	(212†)	2.4	(2.3)
Tottenham Hotspur	Nov	610	(2,140 L)	-	(-)
Triton Europe	Nov	2,610■	(28,000■)	-	(1.8)
West Trust	Sept	36	(191)	-	(0.25)
Wiggins Group	Sept	1,780 L	(889 L)	-	(-)
YRM	Oct	534	(888)	1.65	(1.65)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. # = Total revenue. † = Available revenue. ‡ = Figures for nine months. ⊕ = Figures after tax for three months quoted in US dollars. ✣ = Third quarter figures. § = Distributable revenue. ● = Net revenue. ♣ = Net income. ♥ = Gross income. ■ = After tax profits.

RIGHTS ISSUES

BTP is to raise £28.3m via a 1-for-6 rights issue at 205p.
Caldwell Investments is to raise £395,000 via a 1-for-4 rights issue at 27p.
Pathfinders Group is to raise £7.42m via a 1-for-1 rights issue at 8p.
Watmoughs is to raise £22.3m via a 1-for-4 rights issue at 350p.
West Trust is to raise £1.3m via a 13-for-10 rights issue at 4p.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Baillie Gifford Shin Nippon	Friday	-	-	-
Benson Crisps	Thursday	0.8	2.18	0.7
British Aerospace	Wednesday	8.9	16.1	8.9
Fairway (London)	Friday	1.0	2.0	1.0
Foreign & Colonial Enterprise	Thursday	-	0.2	-
Leslie Wise Group	Wednesday	1.75	2.25	1.75
Lloyds Abbey Life	Wednesday	6.0	11.0	6.5
Lloyds Bank	Friday	5.0	10.3	5.4
Owners Abroad Group	Wednesday	0.82	2.07	0.9
Provident Financial	Thursday	8.0	16.5	8.5
Scottish Eastern Inv Tst	Tuesday	0.43	0.92	0.46
Shell Transport & Trading	Thursday	8.4	11.7	8.9
TR Pacific Investment Trust	Tuesday	-	0.25	-
Union Discount Co of London	Monday	11.5	23.5	11.5
Ward Holdings	Thursday	0.5	2.1	0.6
Yorkshire Chemicals	Thursday	4.5	9.0	4.75
INTERIM DIVIDENDS				
Alumasc Group	Wednesday	3.2	6.8	
Ashtead Group	Tuesday	1.1	3.07	
BDB Design Group	Friday	-	2.1	
Colorgen	Thursday	-	-	
Dalgety	Monday	7.16	11.35	
El Oro Mining & Exploration	Thursday	-	24.0	
Exploration Company	Thursday	-	12.0	
FII Group	Monday	6.0	7.75	
Fleming Enterprise Inv Tst	Thursday	1.2	3.1	
Fleming High Income Inv Tst	Wednesday	1.45	1.45	1.45
Glaxo Holdings	Thursday	8.5	18.5	
Howard Holdings	Tuesday	-	0.5	
Joe Holdings	Wednesday	1.12	4.37	
New Zealand Investment Tst	Wednesday	0.75	0.6	
Norex	Tuesday	-	2.0	
Primadona	Tuesday	2.0	2.5	
SWP Group	Thursday	-	0.8	
Second Alliance Trust	Monday	11.5	23.5	
Wills Group	Monday	-	-	

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

FINANCE AND THE FAMILY

How to ... pick a current account

Which bank do you say 'yes' to?

***Scheherazade Daneshkhu** on why customers can afford to be choosy*

THERE was a time when you did not have much choice of bank accounts. But competition now means there is a wide range of them, with different rates and charges.

Most offer similar services: free banking if you are in credit, interest-bearing current accounts, cheque guarantee and credit cards, and cashpoints. But there is a tendency for those banks that offer better interest rates to charge more if you overdraw. This could have a large bearing on the current account you choose.

So, how do you go about choosing an account? Here are some points to consider:

IN CREDIT?

Mr Black has a monthly salary of £1,500 paid into his account every month. He has a series of standing orders and direct debits which are paid from the account three working days after his salary is received.

He always has savings so there is no need for his current account ever to go into the red. Thus, the *overdraft rate that* the bank or building society charges does not concern him. He would much rather have a current account which pays good interest and provides the usual services and cards.

Almost all banks and building societies give tiered rates of interest, but some offer better returns than others on larger deposits. Best rates on £1-£499 can be found on Caledonian Bank's High Interest cheque account, paying 7.5 per cent net, and Beneficial Bank's Classic Visa (6 per cent). But there are no cheque or credit cards with the Caledonian *account, although Beneficial* runs a Visa account with a cheque book and the Visa card doubles as a £100 cheque guarantee card.

The downside with Beneficial is the paucity of national branches (only 53 in the UK) and the fact that it charges 1.5 per cent on every withdrawal made from a cashpoint subject to a £1.50 minimum.

Mr Black often has £1,000 or more in his account, so he wants good rates on higher deposits. Cater Allen offers 6.75 per cent net on £1,000 but does not have a cash or cheque guarantee card and will not pay interest if the account falls below that amount. Robert Fleming/Save and Prosper's Classic account pays 5.25 per cent net on £1,000; Bank of Scotland's Banksave Plus account (requiring a minimum £500 deposit, which can drop to £1) offers 4.5 per cent; Northern Rock's current account, 3.77 per cent (this also requires an opening deposit of £500); Britannia BS's React 365, 4.33 per cent; and Firstdirect Cheque, 3.56 per cent.

On larger amounts – for example, £2,500 – *Moneyfacts*, the monthly newsletter, suggests the Chelsea Classic account paying 7.13 per cent net; the Portman Prestige Cheque account, 6.38 per cent; Caledonian, with 7.5 per cent on all balances above £1; and UDT, with an interest rate of 7.43 per cent on deposits of £1,000 and over.

UDT requires minimum withdrawals of £200 and has no cash or cheque card. The Chelsea Classic requires an opening deposit of £2,500 and pays 1.68 per cent net on amounts below this. Mr Black would need £1,000 to open its Capital account and, again, Chelsea would pay only 1.68 per cent on smaller deposits.

OVERDRAWN?

Some of these accounts would be no good at all to Mr White – the downside of the ones cited by *Moneyfacts* is that they do not have an overdraft facility. Since Mr White errs occasionally on the wrong side of credit, he sometimes needs to negotiate an overdraft of more than a couple of hundred pounds.

Moneyfacts recommends Firstdirect for having one of the best overdraft facilities on the market – Mr White would be allowed an automatic interest-free facility of £250. If he needed more, the rate would be 20.7 per cent APR and an annual arrangement fee of 1 per cent, subject to a minimum of £15.

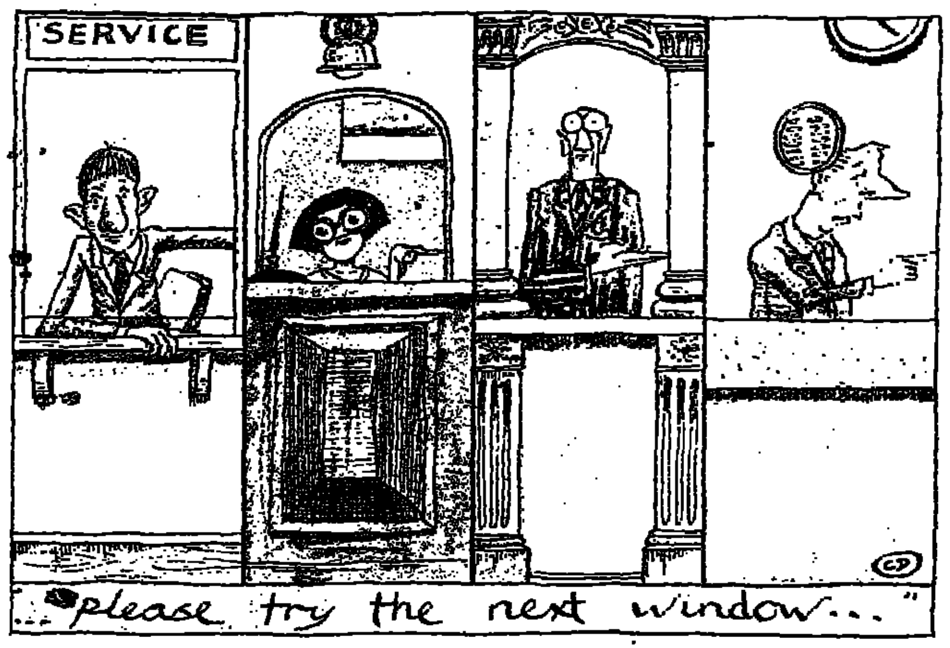
The Co-operative Bank's Ultra account allows Mr White to become overdrawn by £250 for three days; Lloyds Bank has an automatic overdraft of £100; National Westminster Bank would let him be overdrawn by £50 before imposing charges; and Girobank's Keyway would give him £20 leeway (you have to deposit £400 a month into this account, though) as would Northern Bank. Britannia might waive charges on a £250 overdraft for three days at the manager's discretion.

Mr White would be extremely foolish not to negotiate an overdraft facility for amounts greater than these. Unauthorised overdraft rates are usually at least 10 percentage points higher than rates already agreed with the bank – Firstdirect has one of the most draconian.

Current accounts

Institution	Net int (%) on £1	£1,000	£2,500	Authorised overdraft	Cards Cash	Cheque	Credit
Abbey Nat	2.25	2.25	2.25	24.4APR	Yes	£50/£100	No
Bank of Scot	4.5	4.5	5.5	19.2APR	Yes	£100	Visa/M'card
Barclays	2.06	2.06	2.06	24.1APR	Yes	£50/£100	Visa/M'card
Beneficial Bank	6.0	7.0	7.0	29.8APR	Yes	£100	Visa
Britannia BS	1.68	4.33	6.3	18.3APR*	Yes	£100	No
Caledonian	7.5	7.5	7.5	No	No	No	No
Cater Allen	0	6.75	6.75	No	No	No	Visa
Chelsea BS Classic	1.68	1.68	7.13	No	Yes	£50	No
Chelsea BS Capital	1.68	5.06	5.06	No	Yes	£50	No
Co-Operative Bank	1.5	1.9	1.9	♠	Yes	£100	Visa
Firstdirect	3.38	3.56	3.75	20.7APR	Yes	£100	Visa
Girobank	3.19	3.19	3.19	19.5EAR§	Yes	£100	Visa
Halifax BS	0	3.08	3.83	24.3APR	Yes	£50	Visa
Lloyds	1.13	1.88	1.88	23.8APR♣	Yes	£100	Access
Midland Meridian	3.0	3.0	4.5	20.9APR	Yes	£250	Access/Visa
Midland Orchard	1.13	2.25	2.25	21.6APR	Yes	£50	Access/Visa
Nat West	1.5	1.5	1.5	23.2EAR	Yes	£50/£100	Visa/Access
Nationwide BS	2.25	2.25	3.75	23.8APR	Yes	£50/£100	No
Northern Rock	2.87	3.77	6.17	19.9APR§	Yes	£50/£100	Visa
Portman	1.13	1.13	6.38	No	Yes	£100	No
R Flem/S&P	1.88	5.25	5.25	15.7APR	Yes	£100	Visa/M'card
Royal BofS	1.88	2.63	3.53	19.56EAR♣	Yes	£50/£100	Vias/Access
UDT	2.63	7.43	7.43	No	No	No	No
Woolwich	1.78	2.81	4.31	21%APR	Yes	£50/100/250	No

APR = Annualised Percentage Rate. EAR = Estimated Annual Rate. * Poss of £250 free overdraft for three days. ♠ Manager's discretion. Overdraft facility of £250 for three days. § £20 automatic overdraft facility. ♣ £100 automatic overdraft facility.



The *Investors Chronicle* calculated recently which banks or building societies offered the best deal for someone who was usually in credit but overdrew for short periods. The example is of a basic-rate taxpayer who normally maintains about £500 but goes into the red without authorisation by £300 for two weeks at Christmas and by £80 for two weeks in July (during the sales).

He would still be left with a net credit in his current account if he banked with Abbey National; Nationwide; Royal Bank of Scotland's interest-paying current account; Robert Fleming/Save and Prosper; and Woolwich. He would be £25 worse off at Bank of Scotland's Banksave Plus; Barclays Interest and Flexible; Britannia BS; Co-operative Bank; Firstdirect; Girobank Keyway; Halifax; Lloyds Classic; Midland's Orchard; and Northern Rock BS.

Mr White would have to pay between £25-£50 with Bank of Scotland's Chequeplus account; Girobank's Current; Royal Bank of Scotland's Personal Current; TSB's Cheque and Interest Cheque; and Yorkshire Bank's Paymaster Plus. But the costs mount to £50 or more at AIB; Bank of Scotland Current; Lloyds Gold; Midland Current and Meridian; NatWest Current and Current-plus; Norwich & Peterborough; and Yorkshire Bank's Paymaster.

It is the fees and transaction charges which hurt the most. Mr White is likely to end up paying more in overdraft rates and charges to the Big Four banks which, unlike the largest building societies and Abbey National, charge a standard overdraft fee.

The overdraft fees at Barclays and Lloyds are £8 a month, £5 at Midland and £20 a quarter at National Westminster compared with nothing at the Halifax, Abbey National, Nationwide and Woolwich. NatWest charges £20 for an overdraft letter while Abbey National, Nationwide and Woolwich do not (surprisingly, for a Big Four bank, Barclays does not charge for this but Halifax BS charges £10).

Mr White should, therefore, avoid accounts with overdraft fees and high overdraft service charges by finding out which institution charges what and how often.

EASE OF ACCESS

Once you know whether you are a Mr Black or a Mr White, the fine-tuning can begin. The points for which to look out are:

■ **Accessibility.** Must you have a branch near you? Girobank, which is available in every post office, has the advantage here as do the larger banks and building societies which maintain a presence on every high street. But those with a regional bias usually have reciprocal arrangements with other banks and building societies or are part of a national electronic network of cash machines such as LINK. Check however, to see if there are transaction charges.

Home banking. Do you really need to go into a branch? Firstdirect, Robert Fleming/Save & Prosper and NatWest's Primeline are all telephone banking services that operate independently of a branch network. Customers of these accounts appear very happy with them but telephone bills are a potential expense.

■ **Plastic cards.** The £50 limit on a cheque guarantee card was set in 1977 and has not been re-valued to keep pace with inflation. However, some banks and building societies offer cards up to £250 (see table).

Other useful plastic includes credit cards and a direct debit facility, which usually is linked to the guarantee card. Many of the building societies do not issue credit cards, which might be a big drawback for some potential customers.

■ **Sending money abroad.** If you need to do this regularly, check the expense and the ease of transfers. Some banks or building societies stipulate large minimum sums. *Which?*, the Consumers' Association's monthly magazine, points out that Girobank account-holders can transfer money free of charge to overseas Giro accounts, while customers with the Bank of Scotland can use the low-cost "TAPS" payment system. *On the high* street, *Which?* found that NatWest was the cheapest and Abbey National the most expensive for sending FFr1,000 to France.

Warrants trust launched

THE CROWDED unit trust industry is gaining a new family member, with the launch of the first trust to be based on the warrants market.

The company behind the launch is Exeter Fund Managers, which already runs unit trusts based on the main classes of investment trust shares.

A warrant is simply a piece of paper entitling the holder to buy shares at a certain price. It pays no income and could expire, worthless, if the share price moves in the wrong direction. A warrant to buy shares at 100p would expire valueless if the share price never rose above 80p. Conversely, the same warrant would be very valuable if the share price rose to 200p.

Investing in warrants is thus highly risky. But Exeter is reducing this danger by holding about 40 per cent of the initial portfolio in zero coupon shares. These have first claim on the assets of investment trusts and so are relatively less risky (although far from completely risk-free). The manager will also be able to select warrants on overseas trusts, so his fortunes will not be tied to the health of the UK stock market.

This trust is not for the cautious or the first-time investor. Warrants will fall more quickly than *other investment trust* shares in a bear market. The current market capitalisation of all the investment trust war*rants is only £200m and some* issues may be relatively illiquid. So this should only be considered by better off investors for the small, "risk" element of their portfolios.

The minimum investment is £1,000; the initial charge is 6 per cent (with a 2 per cent discount till March 20). The annual charge is 1 per cent.

■ Aegon Financial Services is launching the Select Portfolio, a fund of funds based on unit trusts managed by Perpetual. The minimum investment is £5,000, initial charge 5.5 per cent, annual charge 1.5 per cent. During a launch period, *investments of under £10,000* attract a bonus of 0.5 per cent and those above £10,000, 1 per cent.

Philip Coggan

Diary of a Private Investor/**Kevin Goldstein-Jackson**

Reports: the undercover story

I LIKED the company report so much – I bought the shares. In October last year, while browsing through the *FT*'s share price pages, I noticed that Treatt had a capitalisation of £7.34m with a share price of 78p. But what did the company *do*?

I reached for my copy of *The Corporate Register* (published by Hemmington Scott every six months for £135 per annum – but many public reference libraries have a copy). It said that Treatt's main business was supplying and lending essential oils and aromatic chemicals used as flavourings and fragrances. It also provided the names of the company's directors – plus the company's address.

I wrote to Treatt's company secretary requesting a copy of Treatt's latest published annual report to shareholders. The secretary sent the report by return of post. It had a lovely colour photo on the inside front cover. Two men and a woman – each in white coats – were standing on top of a giant orange, from which was spurting a fine spray of orange juice. The photo had formed part of Treatt's trade advertising campaign.

That was the only photo in the report – no boring pictures of directors sitting behind desks. The report was clear, concise and provided the sort of information I like to see – such as the market value of freehold property being "considerably in excess" of the value given in the balance sheets.

The directors had a large shareholding in the company. Therefore, they had a vested interest in seeing that the company's share price performed well. None of the directors received a grossly inflated salary and staff costs and staff numbers seemed to be under control. The company was not overloaded with debt.

Treatt also had considerable export sales and more than half its turnover was achieved outside the UK. Profits seemed reasonable and the chairman's statement was encouraging. The company "continued to invest" in "sophisticated production" equipment. A new company, Florida Treatt, had been established in the UK – its products being "used to improve the aroma of concentrated orange juice which loses some important flavour components during production."

I thought of all the other products that could do with aroma enhancement. The market is vast. Why does mass-produced bread not only taste like cardboard but sometimes smell more like vinegar than bread? Grapefruit juice in cartons rarely has the tangy smell of grapefruit. Strawberries seldom smell like strawberries.

Treatt was in an ideal niche industry for growth. The company's shares have now risen to 110p and its capitalisation to £10.4m.

Thinking about Treatt made me look back over the past 12 months at all the companies I had written to asking for a copy of their latest published annual report. I was rather amazed to discover that I had contacted 207 companies. In each case, wherever possible, I had written to the company secretary by name, having gained this information from the Corporate Register.

Many investors are concerned about company indebtedness

Most companies responded within a week – some by return of post. Whereas Treatt's report had cost 41p for them to post, the average postage cost had been 49p. Among the lowest postage charges had been Radiant Metal (18p) while Electra Investment Trust's report cost £1.35 second-class.

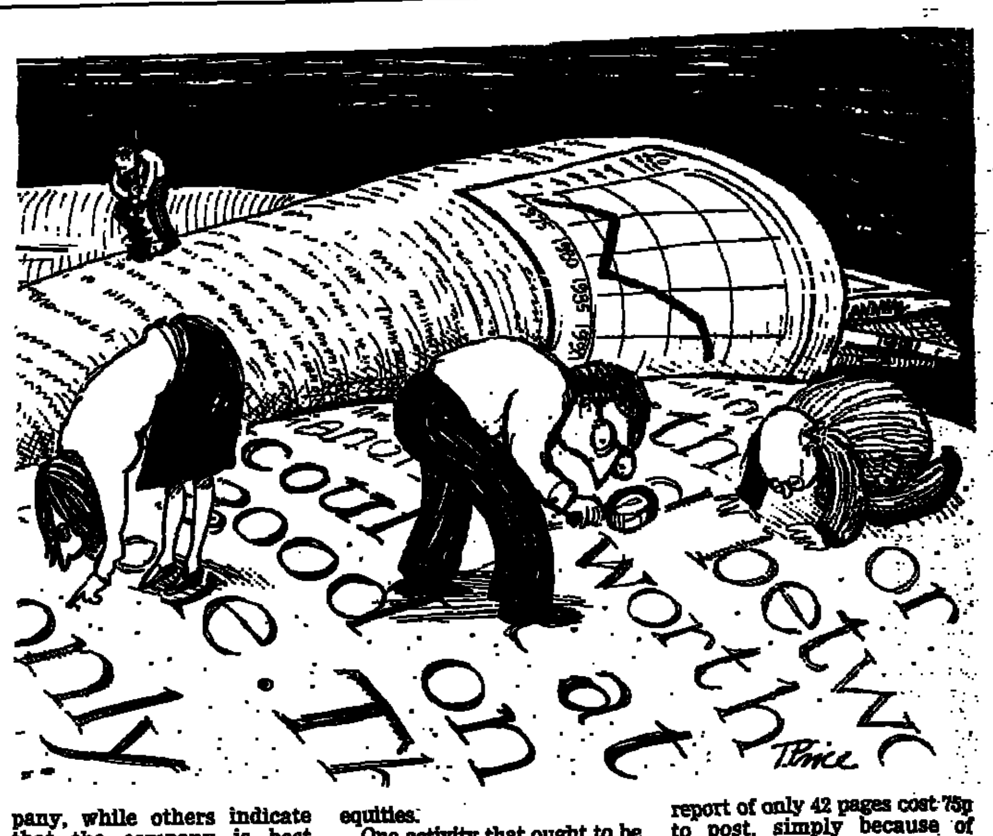
Not every company responded immediately. For example, I wrote to JS Pathology's secretary on July 15, but received no reply. I wrote again on October 24, mentioning my earlier letter and again requesting a copy of the annual report. Instead, on December 11, I was sent a copy of the company's interim statement which revealed profits after tax down from £1.137m to £488,000. I was not surprised. I have not invested in JS Pathology.

While most companies accompanied their reports with a compliments slip some, such as Hartstone Group, and United Biscuits, sent a personal letter, accompanied by additional information.

The style of the reports varied considerably. A sentence such as: "A solution to the Zakharov equations describes the electric field intensity in the ionosphere due to electromagnetic driving by the Arecibo antenna" (in Logica's report) is hardly as enticing as "When a customer speaks, Safeway listens" (Argyll's report), but allowances have to be made for the differences in products – computer systems and consultancy and supermarkets – and the type of investor the reports seemed to be aimed at.

It is also interesting, having piled up all 207 reports and skimmed through them again, to see how they have changed. Some companies which used to highlight increased profits over the previous year now highlight increased turnover instead, or a five-year track record, or pointedly state that "gearing is controlled." The message has got home that many investors are concerned about company indebtedness.

Why had I requested 207 company reports? Partly out of curiosity and partly for possible investment purposes – although the actual number of companies I will invest in is very small. Sometimes I was just checking to see if certain big shareholders had increased their stake in the company. There are some institutional investors who are worth following if they have acquired 3 per cent or more of the company, while others indicate that the company is best avoided.



Here are some of the reports I will put in my "further consideration if the market drops" file: the companies are soundly managed, have good assets, acceptable debt levels and reasonable prospects – but present political and general economic uncertainties make me reluctant to invest too much in equities.

One activity that ought to be a growth area is automatic postage franking machines, where letters are weighed and franked with the correct postage. A number of the reports arrived franked with too high a postage rate for their weight. In these difficult economic times, perhaps more companies should consider using lighter paper for their reports. One report of only 42 pages cost 75p to post, simply because of heavy paper. Some longer reports cost far less.

My wife has devised a new game with the reports. We look at the photos of company chairmen and directors and try to guess their ages. It is startling how many look much older than their years – is this what corporate life in Britain does to them?

Pensions fervour cools off

Debbie Harrison on what could happen to personal plans

FEBRUARY marks the start of the personal pensions season as life offices gear up for a marketing onslaught to persuade millions of employees to opt out of the state earnings related pension scheme and into a private plan by the end of the tax year.

The success of personal pensions has been remarkable. Providers have notched up 4.5m new clients – a very favourable response to the government's bid to switch the burden of individual pension provision to the private sector.

This year the revolutionary zeal seems to have cooled and providers are talking of consolidation and even retreat. Gone are the heady promises of "something for nothing" which marked the advertising campaigns of 1988.

The reasons for the uncertainty are threefold. First, the amount of rebate paid by the government to those who take out personal pensions will be cut from April. Providers are making contingency plans to cope with reduced business.

Second, if Labour is elected there is evidence that the personal pensions market as we know it, would cease to exist. Third, the personal pension promise of portability without penalty is proving false.

This does not mean that personal pensions have ceased to be attractive. There are considerable gains to be made for those who opt out of Serps and invest in a plan for the 1991/92 and 1992/93 tax years.

But those opting for a personal pension should do so with their eyes open. If you opt out of Serps for the current tax year by April 5, the Department of Social Security (DSS) will pay up to £1,500 into a personal pension of your choice. This rebate of National Insurance Contributions is calculated at 8.47 per cent of "band earnings" – that is earnings between £52 and £390 per week.

The rebate will drop from April 1993. The actual figure is expected to published by the end of March but it is likely to be in the order of 5 per cent plus an element of tax relief. The effect of this cut will be to reduce the value of the rebate by one third. At this rate it is estimated that between 1m to 1.5m would be better off if they returned to Serps.

It is doubtful if even a cut of this size would be sufficient to make personal pensions cost effective. The net cost of personal pensions to the National Insurance Fund for the period to 1993 is £6.7bn according to the National Audit Office (NAO) and the Public Accounts Committee. This figure was based on 4m people in personal pensions and was expressed in April 1988 cash terms so the real cost in today's terms would be substantially higher.

Even after the proposed cut in the rebate, which is still being discussed, there would still be a net cost to the national insurance fund. Bryn Davies, executive director and actuary at UPS, who calculated the NAO figures, estimates that the net cost for the 1993-98 period would be £2.4bn in April 1992 cash terms.

One of the prime intentions of personal pensions was to reduce the cost of Serps in the next century but, at this rate, it could create a substantial deficit in the NI fund. Further rebate cuts or restrictions on re-entry to Serps cannot be ruled out if the Government intends to balance the books.

The other option is to make the rebate age-related – a measure proposed by the NAO.

Labour intends to re-establish Serps and good (ie final salary) occupational pension schemes as the primary source of UK pensions. Personal pensions – and indeed any money purchase pension where the value of the fund is linked to investment performance – will be relegated to the role of top-up provision.

Under Labour, personal pensions also would have to provide a guaranteed minimum pension (GMP) to match the benefit given up in Serps and providers will be forced to make direct comparisons between the benefits of their plan and the benefits of the enhanced state earnings related scheme. On the whole, Labour would not provide a friendly environment for current products.

But even without the charges which Labour proposes there is evidence that some plans contain the seeds of their own destruction. Where the plan is simply used to contract out of Serps and no extra contributions are paid, the overheads for life office charges and commission to salesmen are quite modest.

But many providers insist on minimum extra contributions of up to £50 per month. These regular premium plans are subject to more substantial charges and due to early termination penalties the employee may have little to show for his or her investment after three or four years.

A marketing feature of personal pensions is portability without penalty – in other words you can take your pension from job to job without suffering any of the transfer problems associated with final salary pensions.

This works – but only to a point. If the employee wants to join the new employer's pension scheme he or she would probably be forced to give up the personal pension. Even if the provider offered to convert the personal pension into a free standing additional voluntary contribution plan (FSAVC) few people saddled with a mortgage can afford to keep up two pension payments.

In most cases the personal pension would be stopped, incurring a hefty penalty. One leading company said someone who contributed £100 monthly for 18 months would receive only £1,000 on transfer – 40 per cent less than the £1,800 invested. That highlights the attractions of single premium contributions which carry low overheads and pay commission to advisers of just 4 per cent.

If you prefer monthly arrangements ask your adviser to select a plan which is genuinely flexible so that there are no high charges on regular contributions and no penalties if the contribution is reduced.

THE BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Southdown BS	SuperSaver	0273 471671	Instant	£1	9.70%	Yly
Norwich & Peterborough BS	Postmaster	0733 371371	Instant	£1,000	11.30%	Yly
Northern Rock BS	Postal Acc	091 285 7191	Instant	£20,000	11.50%	Yly
Allied Trust Bank	2 Mth Notice	071 626 0879	2 Month	£2,001	11.46%	Yly
Birmingham Midshires BS	First Class	0800 444109	90 Day	£25,000	11.75%	Yly
Heart of England BS	Election Bond	0926 405488	Elec Day	£5,000	12.00%	OM
Skipton BS	Money Market Plus	0756 700500	31.12.92	£2,500	11.69%	OM
Nationwide BS	Capital Bond	0793 694466	2 Year	£10,000	12.30%	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	13.24%	Yly
National Counties BS		0372 742211	5 Year	£3,000	12.50%	Yly
Lambeth BS		071 928 1331	5 Year	£20	12.20%	Yly
Exeter Bank		0392 50635	5 Year	£250	12.00%	Qly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	10.00%	Yly
UDT	Capital Plus	0734 560411	Instant	£1,000	9.90%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	10.00%	Yly
				£25,000	10.50%	Yly
Portman BS	Prestige Cheque	0800 373176	Instant	£50,000	11.50%	Yly
OFFSHORE ACCOUNTS (Gross)						
Portman Channel Islands	Channel Isls Acc	0481 822747	Instant	£500	10.20%	Yly
Co-operative	Investment 90	0481 710527	90 Day	£50,000	10.75%	½Yly
Yorkshire BS Guernsey	Key Extra	0481 719898	180 Day	£25,000	11.75%	Yly
				£50,000	12.25%	Yly
Bristol & West Intl Ltd	Intl Bond II	0481 720609	30.11.92	£50,000	12.50%	OM
GUARANTEED INCOME BONDS (Net)						
Prosperity Life FN		0800 521546	1 Year	£25,000	8.90%	Yly
Financial Assurance FN		081 367 6000	2 Year	£5,000	8.85%	Yly
Financial Assurance FN		081 367 6000	3 Year	£5,000	8.85%	Yly
Liberty Life FN		081 440 8210	4 Year	£25,000	9.10%	Yly
Aetna FN		0800 010575	5 Year	£25,000	9.00%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	9.50%	Yly
	Income Bonds		3 Month	£2,000	10.25%	Mly
	Capital Bonds C		5 Year	£100	11.50%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	36th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50% +Infln	OM
	Childrens Bond F		5 Year	£25	11.84%	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross
Fixed= Fixed Rate (All other rates are variable) OM= Interest paid on maturity. N= Net Rate. B= Bond.
Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walshams House, Stalham, Norwich. Readers can obtain a complimentary copy by phoning 0692 582808.

News in Brief

More societies cut savings rates

WOOLWICH has cut the gross interest rates on its accounts by about 0.6 of a percentage point. The exception is balances below £500, where rates are unaltered. Rates on the Prime Gold account are now 8.25 per cent gross (6.19 per cent net) for balances between £500 and £9,999. The current account pays 3.75 per cent gross (2.81 per cent net) on balances of between £500 and £4,999. Tessa rates are 10 per cent between £25 and £2,999, 11 per cent between £3,000 and £4,799 and 11.1 per cent on balances of £4,800 plus.

Leeds Permanent has reduced the gross rates on its accounts by between 0.5 and 0.6 of a percentage point. Liquid Gold now pays 8.2 per cent gross (6.15 per cent net) on balances of £500 to £1,999 and 8.35 per cent gross (6.26 per cent net) on balances of £2,000 to £4,999. Solid Gold pays 8.9 per cent gross (6.68 per cent net) on between £5,000 and £9,999. Rates on the Tessas vary between 10.55 per cent and 10.7 per cent.

* * *

Kleinwort Benson has launched an offshore Emerging Markets fund, based in Guernsey. The fund aims to take advantage of the high economic growth rates, and relatively undeveloped stock markets, in areas such as Latin America, Asia and parts of Europe. These markets are individually risky, but the hope is that the spread will reduce volatility; however, a prolonged world recession would adversely affect most of these markets.

Although the fund is open-ended, it is not an authorised unit trust and investors can only apply for a holding through an authorised adviser. The minimum investment is £1,000; the initial charge is 5 per cent and the annual charge is 1 per cent.

* * *

The Aegis IPS Paragon Trust is a unit trust aiming for steady capital growth by investing internationally. The initial charge is 6 per cent and the management charge is 1.75 per cent; the expected yield on the fund is 1 per cent and the minimum investment is £1,000.

* * *

Skandia Life is launching a new "Ethical Selection" fund, for use with its range of life and pensions products. Jupiter Tyndall will manage it. The fund will keep a minimum of 25 per cent in appropriate "ethical" or "environmental" unit trusts. Between 5 and 10 per cent will be in cash, and the remainder will be invested in equities which meet the managers' criteria.

These will be devised in accordance to investors' answers to a questionnaire – depending on the answers, the fund could avoid companies involved with armaments and nuclear weapons, animal experimentation, South Africa, alcohol, tobacco, environmentally damaging practices, poor employment practices, gambling, pornography and factory farming or meat processing. There is a fixed offer price of 100p, available from now until the end of the offer period on Friday March 13.

Sisters who aim to collar a mail market in shirts

***Nick Garnett** meets two women who work successfully from home*

SO YOU want to work from home? Perhaps you have young children to watch over? You do not want to slave away over a 50-hour week, but you do want a business that makes money.

Back in 1986, Lexi Douglas and Henrietta Nettlefold embarked on a route that an increasing number of budding entrepreneurs are now taking in the hope of having their cake and eating it. The mail order business in women's shirts run by the two sisters now has a turnover of more than £300,000 and is making a healthy return on turnover of just over 19 per cent.

Last year, the pair also bought the small, family-owned garment-maker in Folkestone, Kent, which supplies all the shirts for their company, Sparklers, as well as a range of other clothing on contract. It cost them between £5,000 and £10,000 but has yearly sales of £120,000 on which it makes a return of more than 10 per cent.

"We love the business, even if it can be nerve-wracking at times," says Douglas. "It's nice when we have a new brochure out, the telephone is ringing, the mail is coming in and people are buying shirts in the fabrics we chose. Of course, when you have between you six children, two ponies, chickens and dogs, who needs a factory? But we are absolutely glad that we bought it."

Both women recognise that the injection of household income from spouses removes much of the pressure when new businesses are started. Douglas is married to opera singer Nigel Douglas, and Nettlefold to an investment banker.

Starting with capital of just £3,000, the sisters looked first for fabric suppliers. They used information supplied by the Cotton Institute and attended suppliers' fairs, including Fabrex at London's Olympia. For the first two years they bought just British fabrics, but now more than half comes from abroad, mainly Austria, France and Germany. "Small British mills tend to be very traditional with their patterns," says Nettlefold. "There is not enough variation in fabrics from them and some are prone to delays with deliveries."

In its first year, Sparklers, using the Folkestone garment-maker to supply shirts in designs provided mainly by the two women, managed a turnover of £48,500 on which it made a pre-tax return of £12,000. Its sales last year were £320,000, although with a fall in return. The mailing list has grown to 30,000 through word of mouth, advertising in the national press and *Good Housekeeping* magazine (every month), charity sales and stands at sporting events.

Sparklers' sales pitch is that it sells shirts designed for women but in best-quality men's shirting material rather than the usual non-breathing, synthetic fabric offered by most women's blouse-makers. The company uses two-fold cotton at £4 a metre rather than £1.50 for cheaper material, and mixes of cotton and wool. Most of the shirts, in five basic patterns with nine fabrics, retail at between £31 and £36.

The business is run from the Douglas's seven-bedroom, 18th-century home near Dover and from Nettlefold's house in London. Other than the tiny garment "factory" – which is a separate company – they have no business premises. The only staff member is a woman who works in the Douglas house despatching order forms and shirts. "I would say we work on average about three and a half days a week," says Douglas.

Selling about 10,000 shirts a year, Sparklers produces a new brochure, with fabric swatches, twice a year for winter and summer and changes most of the fabrics every 12 months. Each brochure costs about 45p to produce and 18,000 or so are mailed every six months. The biggest headache has been financing fabric purchases and manufacturing costs. This can involve a layout twice a year of about £30,000 for the fabrics alone, although suppliers give 60 days credit.

It takes just over eight weeks from fabric delivery to producing enough shirts for mail orders to be taken. One shirt usually requires about two metres of material. "It is worrying when you've got £50,000 worth of shirts on your hands and you are wondering if anyone is going to buy them," Douglas says. "We make about 2,500 shirts prior to mailing – and that is before we have a clear impression of which colours and styles are really going to sell."

This pressure is compounded by Sparklers' policy of despatching shirts to customers the day it receives an order.

Most of the company's profits have been ploughed back, says Douglas, so its healthy bank balance now covers the cost of laying-in fabric. It has also coped with the odd howler. "I have to say that we have had some amazingly unsuccessful shirts, some real lulus," she admits.

Telephone sales account for a fifth of turnover, as do sales at charity functions – Sparklers pays a table fee and 10 to 15 per cent of its takings during the day to that charity.

From her home, Douglas despatches up to 100 shirts a day, taken in bundles to the local village post office. Costs are covered by a £1 post and packaging fee.

Each of the women takes out between £10,000 and £15,000 in salaries. But the recession has reduced growth to a standstill and lowered the "conversion rate" of sales from mail shots from an exceptionally bounteous 21 per cent to 13 per cent – although that still is good.

The 2,500 sq ft factory the sisters bought last year had been teetering on the edge of closure. The previous owner is now its manager, overseeing six machinists earning between £3 and £4 an hour and 10 out-workers.

The sisters seem determined to expand their mail-order business and are considering, for the first time, buying some mailing lists. The thought of selling Sparklers when it has been built-up a little further has also crossed their minds.

Douglas knows that mail order is growing and that up-market products increasingly are filling the pages of catalogues and brochures. She also knows she might face more competitors but says she is not worried. "I think the growth of mail order is a good thing because it is changing buying habits," Douglas adds. "I think a lot of people are getting fed up with shopping."

■ *Sparklers Shirts, Eythorne House, Eythorne, near Dover, Kent CT15 4BE. Tel. 0304-830-424.*

Trevor Humphries

Shirt-makers at work . . . Lexi Douglas, left, and sister Henrietta Nettlefold at their tiny "factory" in Folkestone

Computers/**David Carter**

When it's time to call for help

AS I *explained in a recent article, the prices of retail software packages (word processing, spreadsheets, databases) remain unreasonably high because of the influence of corporate buyers. But when it comes to business software packages (accounting, invoicing, stock control, etc) the problem is the opposite: in this area of the market, prices are becoming too low.*

By far the most common application of computers is for accounting; a recent survey found that 52 per cent of small companies with a computer had bought it for this purpose. But when the black art of accounting is combined with the black art of computing, a brew is created that spells disaster. Into it strides the small-business buyer. Supremely ignorant on both subjects, but primed by the latest issue of his computer magazine, he is determined to get the best deal and the biggest possible discount.

Experienced dealers have learned to recognise this character from a mile off. They do not have time or resources to give him free consultancy and education (which he wouldn't want, anyway). So, they sell him a machine at a discount, together with a copy of Sage Financial Controller, and make sure they do not get entangled in after-sales support. ("If you want technical support, sir, it is available free of charge from Sage over the 'phone for the first 90 days, or we can put you in touch with a training company").

When our friend gets home with his computer, he becomes acquainted with reality at last. It is not some magic box which, once unpacked, will automatically "do the accounts" for him. Nor does accounting allow half-measures. If you make a mess of running a word-processing package, you simply revert to the typewriter; but with accounts packages you have burned your bridges because, after going on computer, you stop writing-up the previous manual books.

Find out after six months that the new system is not working and there is nothing on which to fall back. The damage can be lethal if the company does not know how much it owes, or is owed, or what orders are outstanding, not to mention the auditor's fees at year-end as he clears-up the mess.

When it comes to accounting packages, you must pay for professional help. At an absolute minimum, you should budget for one half-day's support to set up each module on the computer, and another half-day to run through the period-end procedures at the end of the first month. At present rates, that is £300 a module. So, if you want to run invoicing, sales, purchase and nominal ledgers, you should budget to spend £1,200 for training and support.

This is where software pricing is important. A company buying top-range Tetra 2000 will pay £2,400 for the four software modules; a company buying Sage will pay as little as £349. Set against a purchase price of £2,400, £1,200 for training and support looks reasonable; but few people can bring themselves to accept they should pay this sort of money for a package that itself only cost £349. Yet, both companies will need an equal level of support (the Sage user will probably need *more* because his staff are less likely to be well-qualified).

Most small-business users are not prepared to pay for the level of training and support they need to make a successful transition from manual system to computer. As business packages become cheaper and better, this problem becomes more acute. Recently, I tested two newly-released packages – *Business Manager* from Pegasus, and *TAS Books* from Megatech. Both are first-rate and offer state-of-the-art software design.

The only problem is the price; to compete with mighty Sage, the suppliers have had to set them at £299 and £399. At this level users will not be willing to pay for support, so experienced dealers will not want to know. Both suppliers offer direct support over the telephone, but that is quite inadequate for products of this sophistication. There must be an expert on-site.

Retail packages such as spreadsheets and word processing are essentially for personal use: if they do not work, a lot of someone's time has been wasted but not too much harm is done. However, applications like accounts and stock control implicate the entire company. If they go wrong, the potential damange is too great.

Unfortunately, when all the talk in the computer magazines is about cheaper and cheaper prices, it is an enormous up-hill task to try to educate users into paying proper money for support and training. If you are a new computer-purchaser, look at this way. Take all the money you have saved by cutting prices of hardware and software and plough it back into buying better training and support from a good dealer. The result will be a much more successful installation.

A loan for a struggling son

Q&A
BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

MY SON recently qualified as a medical practitioner. Like many students he ran up bank debts while studying, and is still struggling to meet them.

His grandmother wishes to help by paying off these debts and replacing them with a family loan, to be repaid at a low rate of interest. How would the tax office view such an arrangement? Is there a better way of helping him? The sum in question is £4,000.

■ Your mother (or mother-in-law) will be assessable on the interest, subject to the oddities of the preceding-year basis if the loan lasts for more than about four years. Your son will get no tax relief for the interest. The terms of the loan (including the fact that it is repayable on demand) should be set out in a letter in duplicate, one copy of which your son should sign and return to his grandmother for safe keeping with her personal papers (so her executors will be aware of the loan if it is still outstanding at the time of her death). She may wish to have a formal loan agreement drawn up by her solicitor.

Dividend evidence

IF A non-taxpayer buys an ordinary share holding before the stock goes ex-dividend, but not in time to get registered at the company's registers, the dividend has to be claimed from the seller via one's stockbroker. However, there is no tax certificate to send to the Inland Revenue. What evidence does the Inland Revenue require in order for the tax credit to be reclaimed by the non-taxpayer?

■ There is no problem: the stockbroker will provide a tax voucher, showing the day on which you bought the shares cum div and giving details of the dividend collected from the seller.

Tax puzzle for pensioner

I SHALL soon have to make a tax return for my 89-year-old mother, who moved to an old people's home early in 1991. While her flat was being sold, my mother received the full entitlement of £171.46 income support and old age pension as she had no other income apart from £2,000 in her building society.

At the beginning of 1991 we arranged for her building society to pay interest gross. Last October the sale of her property went through and the proceeds went into a gross monthly income account. At this time income support ceased. Is my mother liable for tax on the income support she received, plus her pension and building society interest?

■ Income support is exempt from tax, by virtue of section 617(2)(a) of the Income and Corporation Taxes Act 1988. (There is a limited exception to that rule, in section 151 of the Act, but that does not apply to your mother.) Your mother will be exempt from tax for 1991/92 provided that her pension and building society interest do not exceed £4,180.

Bill for poll tax defaulters

I RECALL that, in answer to a question about whether people were legally required to pay the amounts added to the poll tax to cover defaulters, you said that they were. I have been asking my local authority since last August if it would quote the legal/statutory provision by which I am required to pay, but it has yet to quote exactly the relevant provision. Just how does this law deal with the subject of making good defaulters' bills?

■ There is no specific provision relating to defaulters' liability being brought into account as such. The local authority has to raise revenue to meet its expenditure, and the budgeted expenditure has to include outstanding liabilities. If the current, or previous, year's revenue has fallen short because of failure of some chargepayers (or ratepayers) to meet their obligations, the next demand for community charge (poll tax) needs to be sufficiently large to recoup that shortfall. In the same way, income tax payers would find themselves paying for those who successfully evade income tax.

FOOD AND DRINK

Bordeaux faces a difficult time

Edmund Penning-Rowsell peeps into the vats that hold the 1991 vintage

BEHIND closed doors, the *château* owners of Bordeaux and their senior staff are making up the *assemblage*: the blend from the best vats of wine from the three or four grape varieties in their vineyards. In a month or so, they will present the *grand vins* 1991, which will bear the *château* labels.

These days, up to 200 of the better-known properties also will be assembling a second-wine blend. This year, though, there are special problems because of last April's late frost and heavy September rain. Production has had to be reduced heavily, particularly the generic bordeaux *rouge* and *blanc*. Entre-Deux-Mers, Médoc and Graves, as well as St Emilion and Pomerol beyond the Dordogne. Bourg and Blaye were spared largely because they sit on the Gironde right bank which was affected less.

In the Médoc, the vineyards near the river came off best. At Latour, the main vineyard has produced 40-50 per cent of its normal crop; inland, however, the vines for its second wine, Les Forts de Latour, suffered badly.

Next-door Pichon-Lalande has only 20 per cent of its normal crop while Ducru-Beaucaillou and Grand-Puy-Lacoste produced only a third of the average. Palmer has estimated a similar proportion. Yet, St-Estéphe Montrose and Meyney, on the hillside overlooking the Gironde, were not touched at all, although Cos d'Estournel behind was struck severely. In the Graves the output also was very small, and one classed-growth owner expects to produce no *grand vin*.

The vintage is not to be dismissed, though. The enforced small yields could lead to higher quality. At a very prominent Médoc *château* recently, the just-assembled '91 *grand vin* (not yet in cask) had a deep colour, fine nose and full, fruity flavour. I agreed with the *régisseur* that it was better than the excellent '90, tasted at the same time.

Moreover, a new report by Vintex, the British-run Bordeaux merchants, states that "any first-generation bunches that survived the frost produced a well-built, dark-coloured Merlot-dominated wine, quite similar in style to 1985 or even better . . . In the Médoc the general reaction is of satisfaction and relative surprise at the colour, body and flesh of the Merlots, which compensate the weaker, less ripe Cabernets." But those made from the second-flower grapes were "extremely variable".

Should there, then, be *en primeur* offers of '91 clarets from April onwards? Those *châteaux* that made a reasonable quantity of good wines obviously would like this, and they will be essential for the cash-short small growers. But, influenced no doubt by the poor results in St Emilion and Pomerol, Christian Moueix of Pétrus, an owner or merchant of other right-bank properties, is against offering still-doubtful wines that have only had a few months in cask. "Wait until they are in bottle and their quality can be seen," is his view. Yet, those with limited cellar storage might face problems in accommodating an additional unsold vintage.

The Bordeaux trade, starved of cash flow since the '90s were offered last year, certainly would like an *en primeur* offer as well. But would they find immediate buyers? In the recession-hit UK and US, this is unlikely on any scale and, even after three good vintages, at least doubtful within France, Switzerland, Germany and Belgium.

Bordeaux is going through a difficult time. Two small merchants went bankrupt and one large, old-established merchant house is said to be in distress. Several important *châteaux* are on the market, including Gruaud-Larose and Talbot. Cordier, Talbot's owner, has been trying to sell these properties in a package together with others in and outside the Gironde. Rausan-Ségla, owned by a trust belonging to George Walker, formerly of Brent Walker, is reported to be for sale at between FFr40m-50m.

On top of this, there is a two-way traffic across the Atlantic in fine Bordeaux wines, including the return in a single consignment from a leading American importer of no fewer than 40 containers of 1,200 cases apiece.

The position will be clarified in April when the *Union des Grands Crus* holds its annual series of tastings of the new red and white wines, at which their quality can be assessed.

In a difficult year, British merchants would like to make an opening offer – but only very attractive prices could provide an excuse. While the '88s sold as "classic," the '89s as "outstanding" and the '90s as "rich, more regular," it is difficult to think of any reason why their customers should invest in '91s in the near future.

Christian Moueix could be right. After all, in-bottle is how we used to buy even the best vintages before the investment-in-wine boom started over 20 years ago.

Come in for a ceili

Kieran Cooke recounts his experiences up a boreen

THE Ceili House café and restaurant is not one of the world's busiest. Far from it. In two of the winter months last year, it only had three customers. But this is no reflection on the culinary skills of its owners, Willie and Jutta Kirrkamm. Rather, it is a matter of location.

The Ceili is on a wild hillside, up a boreen – a small road – at Killadoon, on the coast of County Mayo in the west of Ireland. Willie and Jutta could have made life marginally more difficult for themselves by opening a takeaway on an iceberg or an oyster bar in the middle of the Sahara. "The locals thought we were nuts when we started a café here a few years ago. Sometimes, we think they were right," she says.

To some, Jutta and Willie might appear slightly eccentric. Jutta is German with a distinct overlay of Irish. Willie was born in Germany of Irish parentage. Apart from the odd guttural, you would swear he was as Irish as the bog outside.

The easiest way to the Ceili House would be to board a London/New York flight and, after about an hour, ask the pilot to drop you into the Atlantic, to be picked up by Willie in his boat. A more pedestrian route would be a flight to Knock, Mayo's international airport. You then drive two hours west, taking as a reference point the top of the Empire State building (distinctly visible from Ireland on a clear day). Just when you think you are going to encounter US immigration officials, you will see signs for the Ceili.

Inside, you will sit next to a blazing fire or warm your toes beside the Modern Mistress – a Heath Robinson version of the Aga and a miracle of Victorian design. As the Ceili has no licence, you will then take a bottle of 1955 (wrapped carefully in your underwear) from your overnight bag, settle back and examine the menu.

It might be fun to start with lamb *dolmades* or, in preparation for your onward journey to the Americas, some *blinis*. Or, perhaps, the locally-gathered wild oysters. The cock-a-leekie soup is recommended heartily, an excellent antidote to the Atlantic chill.

Then you can move effortlessly, and rather dreamily, on to the Pheasant Foggy Dew or the Venison Chieftain or perhaps the Salmon and Silver Hake *Granuaille*. *Granuaille* (pronounced Gran-ya-wail-ah) was once the queen of the pirates in these parts: old men will tell you of a mighty slanging match between her and Elizabeth I. "Sure, didn't I hear it myself?" they will say.

Jutta and Willie are both gifted musicians and you suspect it would not take too much encouragement to have them spring into action. They have other interests. Both are involved in local environmental issues. She runs a craft shop. He worked for years as a cook on the Irish fishing boats but has now set up a homeopathy practice in the area.

On the cooking side, he does the main dishes, she the starters and side-splitting desserts. Home-made halva served with "tipsy figs" is as good a way to end as any. All food is produced organically.

The Ceili started life as a café. Then, tourists visiting the nearby beaches – some of the finest stretches of white sand in Europe and the setting of the famous horse race sequence in *The Quiet Man* film – hankered after more substantial fare. Jutta and Willie now do lunches and dinners year-round. They realise that they are just a little off the beaten track.

"Some people are afraid to come up the boreen for fear they would never see the real world again," he says. One winter's night, an English honeymoon couple knocked on the door. "They didn't seem to know whether they were in Dublin or Galway but they seemed to enjoy being lost." Other visitors are more difficult. An American couple arrived, took considerable time examining the menu and then ordered one tea – with two cups.

"We really don't mind as long as people come and see what we have to offer," says Jutta. "One time, we had eight people for dinner and there was a power cut. We had only one torch. We'd be struggling to cook on the gas and someone would want it to go to the toilet outside. It took hours to get the meal ready. But, afterwards, people sent us letters saying, "Thanks for the black-out."

You can go to the Ceili (Gaelic for a song and dance) in summer and, if the mists have not closed in, sample as spectacular view as you will find anywhere. Or, in winter you can feel the warmth of the fire and stare into the pitch blackness outside as you let the cock-a-leekie warm your insides. Either way, one of life's enduring experiences.

■ *The Ceili House cafe and restaurant, Killadoon, County Mayo, Ireland. Tel: 098-68656.*

A taste of Ireland in Mayfair

Giles MacDonogh finds two Emerald Isle gems in London

NOT SO many years ago London could boast among the many oddities of the capital, an excellent Irish restaurant in Minogues, named after one of its proprietors, Ethel Minogue, who renounced an academic career in favour of cookery. The success of the tiny Islington restaurant was so great that Ethel and her partners decided to acquire a local pub and christen it Minogues Bar.

Irish food was served in the pub and that too became an overnight success. Sadly, however, disputes among the owners led to the closure of the restaurant and ultimately to pub's sale to an Irish chain. Fortunately, the company had the vision to retain Ethel's services as a consultant and Minogues bar still serves good Irish food to anyone who can put up with the pub's other speciality: heavily over-amplified folk music.

In their heyday, the two Minogues establishments were breaking new ground. I recall taking an Irish friend to the restaurant and him exclaiming: "Is there nowhere like this in Dublin?"

I have travelled as far afield as the Dingle Peninsula to find such an authentic Irish dish of boiled bacon and cabbage.

There is good news, however, for those who regret the passing of Minogues. Since June 1991 there has been a new London Irish restaurant in Mulligans of Mayfair.

Taking full advantage of its Cork Street location to lure in lingering art dealers; Mulligans combines an upstairs pub with a downstairs restaurant. The chef, Richard Corrigan, describes himself of the non-romantic school which treats the Irish culinary vocabulary with realism: after all, bacon and cabbage might be considered a little infra dig in Mayfair.

If the Irish peasant tradition is to be used it has to be used inventively. First courses include some Irish standbys in Rossmore oysters from Cork Bay and Ballycotton smoked salmon.

Some Crubbeens (pigs' trotters) had been pickled and deep fried; an idea which should make them more acceptable to the squeamish general public.

Slices of black pudding had also been deep fried. His black pudding has earned him a considerable reputation and Irish chefs are not beyond attempting to steal his recipes.

Mulligans' menu changes daily. This is particularly useful when it comes to fish, as the chef can choose from the best the market has to offer. On the night I was in there was John Dory (grilled), lemon sole (poached), haddock (smoked), and Irish salmon (roast).

At this time of the year game is a big thing with wood pigeon and pheasant on offer. Among the more rustic dishes there was caramelised calves' liver with cabbage and boxty (potato cakes) and corned beef and ox tongue. Irish stew came with big pieces of lean meat rather than the usual scrag end or neck; a casserole of beef, Guinness and oysters came with the oysters quickly poached in the stock. Colcannon (a sort of Irish bubble-and-squeak) is served as a side dish.

Another flexible feature of the menu is the Irish cheeses. The current revival of cheese making in Ireland makes it easy for Corrigan to serve an all Irish cheeseboard with some of the present stars such as Milleens, Cashel Blue and St Killian. It also allows him to make room for some new cheeses like the Ardrahan from Nanturk I tried that evening.

Irish puddings tend to be wholesome and filling; these are no exception: treacle tart and clotted cream; rice pudding with homemade jam; lemon tart and fruit compotes. Suitably robust was the soda bread and butter pudding; very buttery with raisins few and far between.

With the pub upstairs you may drink beer or stout with your meal and there is a full range of whiskeys from Irish distillers. One feature of the wine-list which will appeal to the sentimental Hibernian, is a selection of Irish wines from Bordeaux; those *châteaux* created by emigré Irish traders in the 18th century and which still bear the names of their first owners: Lynch, Boyd, MacCarthy, Kirwan and Barton.

■ **Mulligans of Mayfair, 13-14 Cork Street, London W1.**

Tel: 071-409-1370. Restaurant open Mon to Fri 12-2pm and 6.15pm to 11pm. Sunday brunch from 12 noon.

Minogues Bar and Grill, 80 Liverpool Road, London N1.

Tel: 071-354-4440.

GARDENING

Scotland's green Heaven

NIGHT after night, artificially-keen weathermen have been telling us that it will be warmer and wetter in the north. Down here in the south, frosts have been sharper than we thought at first, and not every good plant has come through unscathed. But what, I had been wondering, was the state of gardens north of the border? To find out, I have been on a northern mission, not expecting tropical forests but unsure whether snowdrops, for instance, would yet be in flower.

I had intended this report to be controlled rigorously: aconites in Motherwell, the first sign of bluebells in Dundee. It has gone off the straight and narrow because I have been seduced. It might be the air or the bottled water but, whenever I go to the Royal Botanic Gardens in Edinburgh, I lose my wits. I walk round in aimless circles for hours, like a spaniel let out from a hot car.

Leave Kew to run its admission charges: in Edinburgh, entrance is still free. It will soon be cheaper to take a coach pass up there to see what are far-better gardens, anyway.

Signs of quality confront you immediately. Up the tarmac path to the main entrance, there are two new beds of pernettyas, showing those dusky pink and white berries which develop so prettily on lime-free soil. Inside, the light falls magically on the pure white trunks of the eastern birches. Winter is an excellent guide: its highlights are fewer and so it sets its own trail, leading you from one to the next.

I could dwell on the many types of snowdrop, with names like Mighty Atom, in bloom on Britain's finest rock garden. Pink and white flowers have declared that the rhododendron season is open, not only on the mauve-pink praecox but on the superior mucronolatum.

Below the new greenhouses, dozens of single pink flowers are already open on a fine camellia called Bow Bells. Inside, there are clouds of pale-yellow mimosa and some huge violet-blue flowers on the tibouchina, that lovely Brazilian plant for a conservatory. The show of the month is called the Rain Forest Experience, in which a thatched straw hut asks visitors to try to forget they are under glass in Scotland. Prince Charles has written a letter of support, but Rain Foresters will have to forgive me: the Alpine Experience is very much better.

Beyond the Tropical Rock glasshouse, you can find a magical corner. Perhaps, this weekend, there is a better one somewhere in an unknown garden but I think I refuse to believe it. In my local botanic garden in Oxford, I have been smiling contentedly at one good witch hazel and its gold-yellow flowers. We are growing old together, but only one of us is improving with age.

In Edinburgh, there is not one but a whole hamamelis corner, ranging from the pale-yellow pallida to the dusky flavopurpurascens, which I have never seen anywhere else. Their companions are as charming as their scent: half a dozen varieties of winter-flowering viburnum in full beauty all over their bare stems.

I have already decided on a swathe of viburnums under trees beside my house. In Edinburgh, the sweetest form was unexpected to me: not Farreri or Dawn but Charles Lamont. Naturally, it would not have been unexpected to Arthur Hellyer, who has been writing about the forgotten importance of the Lamont blood-line and the value of this variety. Naturally, too, he is right. The Charles branch of the Lamont family is a generous performer with an aversion to shady corners. He covers himself in the sweetest pink-white flowers.

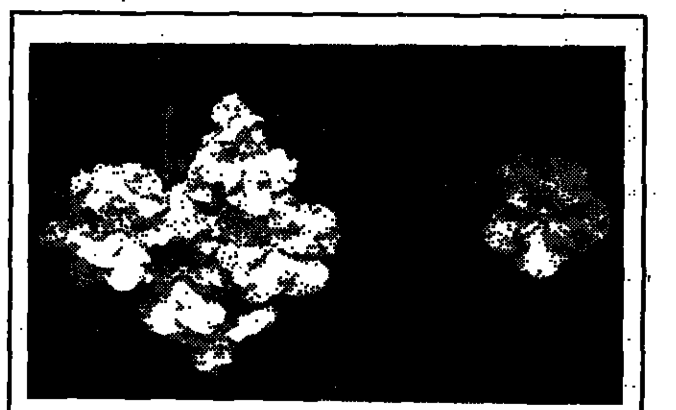
Below the nearby wall, there are clumps of the palest Algerian iris, the form called Walter Butt. A few yards away, there is another world in the gardens' famous Alpine House. The mood changes with the season, but this weekend it takes you to far finer worlds than a steamy rain forest. There are pans of exceptional crocus, the big lilac-blue veluchensis and the exquisite corsicus, the flowers of which are feathered with yellow and dark streaks of a pale lavender.

Sub-species of wild cyclamen proliferate, from pink and white to rare Turkish varieties. Special forms of corydalis are out in force; one of the dionysias is covered with pale mauve flowers; you forget that it is still winter as the entire corner around you seems to have jumped into spring.

Its leap has been helped by the usual scattering of plants which I have never seen anywhere in the past 30 years. If you think that aconites are all yellow, go and look at a rare Japanese variety, flowering its grey-lavender head off in a pan in Edinburgh. Best of all, admire the small narcissi, where the brightest is a lemon-yellow form in the Hooped Petticoat class called Jenny Jane. The prettiest use for a cold greenhouse is to fill it with alpine plants and bulbs which need no heating: Edinburgh will show you how to do it.

For me, it is simply a visit to Heaven. The Edinburgh gardens could bemuse you for half a lifetime, not least because there is one thing which the rest of us have in plenty but, somehow, they seem to exclude. That something is weeds – but it is hard to catch sight of any lying undisturbed among this extraordinary collection of every sort of plant.

Robin Lane Fox



Plant of the week

Brunfelsia pauciflora

This small evergreen shrub from Brazil is difficult to find in nurseries but sometimes turns up in the house plant section of garden centres. It has blue-purple flowers rather like those of the big periwinkle and they come more or less continuously from winter until summer. Not a great many are produced at any one time, which possibly is why botanists call it "pauciflora", which means "with few flowers," but its long season and its good foliage make ample amends for this lack of a big display.

This is an easy-going plant which will grow in any good peat or soil compost in large pots, tubs, or a bed of soil and with a minimum temperature of 13°C (55°F) if winter flowers are required. The plant will survive so long as it does not freeze. It used to be called Brunfelsia calycina and may still be found under this name........................ *A H*

Fisons' peat bogs gift

FISONS has donated all its freehold peatland in England to English Nature, which will become responsible for its proper use ecologically.

The gift includes key sites such as Thorne Moor, Crowle Moor and Hatfield in Yorkshire and South Humberside, all of which have planning consent for peat extraction, and Wedholm Flow and Glasson Moss, in Cumbria, which do not yet have such consent. Further commercial use of any of these peat bogs will be by agreement with English Nature. Part of that agreement is that 2,800 acres of peatland has been identified for immediate protection as nature reserves.

This is the largest single donation of peatland for conservation yet made. All Fisons peatland in the Somerset level is included. The company is carrying out research to discover the best method of managing peatland in whatever state it is found; pristine, partly-extracted or at the end of its commercial use.

In those areas to be managed for conservation, Fisons will initiate, under English Nature supervision, the blocking of drains, and other measures to ensure the retention of moisture in nature reserve areas.

English Nature is a government agency set up in an attempt to limit the damage done to ecologicially-valuable sites. It has no statutory powers to enforce restrictions; it used to be part of the Nature Conservancy Council (NCC) which, among other activities, was responsible for designating Sites of Special Scientific Interest (SSSI). The NCC has been split into national sections and English Nature deals with these matters in England.

Within 24 hours of signing the agreement with Fisons, English Nature's employees were in the peat bogs blocking drains to prevent the loss of water, the life-blood of mires.

Dr Derek Langslow, chief executive of English Nature, says the agreement immediately lifts the threat of any development from the areas, most of which have planning permission for peat extraction. They will be managed for the nature conservancy interest.

The operation intends to ensure that there will be no loss of irreplaceable sites and that rare plants and animals will not be destroyed, while enabling Fisons to go on extracting sufficient peat for horticultural requirements. Where peat has been removed and the operation has ended, land will be restored to make it ecologically useful.

There are many different types of peat. For example, it is not widely known that a lot of the peat worked commercially is not from actively regenerating wetland bog but is from secondary bog resulting from drainage, in some cases carried out hundreds of years ago.

This has its own special flora and fauna, depending on the environment it provides, and research must take account of what best to do with used or partly used peatland, as well as how best to preserve the pristine bogs which are the conservationists' pride and joy.

Arthur Hellyer

BOOKS

A writer's gift for getting the picture

AFTER A youthful career as a painter and art-teacher, John Berger emerged as a significant writer when he was in his mid-twenties. He became known in the early 1950s as an art-critic. Today having passed the age of 65, when people in many professions are forced to retire, Berger is as industrious as ever, his brain still teeming with ideas and insights.

Berger's gift for seeing into a picture, his skill in defining its relation to society and to history, was apparent from the start. His arresting descriptions of paintings in *engagé* terms reached a wide public when, in the early days of *Monitor* and Granada's cultural programmes, he became a guru of art-appreciation on television. He was the first critic ruthlessly to sort out the gold from the dross in the work of Picasso, about whom he published a controversial book, *The Success and Failure of Picasso*, in 1965.

Not content with being merely a critical mediator between the artist and the public, Berger also had ambitions in fiction. As novelist he applied himself to that confusing period of European history when the Austro-Hungarian Empire finally crumbled, culminating in the outbreak of the first world war. Berger's hero was the son of an Italian merchant and his Anglo-American mistress, a young man who lived for danger and for the seduction of women. He was a modern Don Juan caught up in the rising tide of Serbian nationalism, Italian Irredentism, and other forces of peasant aggression. The novel straddled a Europe full of racial tension, with its climax set in Trieste. It was wonderfully well visualised in terms of the historical period.

This was the novel *G* which won the Booker Prize in 1972. It represented the peak of Berger's literary achievement. And of his notoriety – he turned the customary speech of acceptance at the dinner into a speech of rejection, attacking his hosts for their exploitation of local labour in the sugar plantations of the Caribbean, and announcing his intention of donating the prize money to the Black Power movement. If the speech had been intended as a crude publicity stunt which – to judge from the passionate intensity with which it was delivered – it clearly was not, it could hardly have been better timed. The speech did wonders for the book, and even more for the Prize. It inaugurated a tradition of a verbal firework display at the end of the dinner that in recent years has tended to lapse.

After that public performance Berger withdrew into obscurity to a village in the French Alps where he still lives. He has made an extensive study in this region of peasant life – "a life" as he puts it, "committed completely to survival". Berger lives there not as an observer, a literary researcher with a tape-recorder and a note-pad, but as a member of this community. By now he is as familiar with the messy business of slaughtering a cow and carving up the meat, or shovelling the shit from the outhouse to a barrow in a nearby field – an annual chore he describes with relish – as anyone brought up to these tasks.

KEEPING A RENDEZVOUS
by John Berger
Granta Books £14.99. 248 pages

INTO THEIR LABOURS
by John Berger
Granta Books £15.99. 513 pages

But he remains nonetheless a writer, one who since 1974 has produced three novels, *Pig Earth*, *Once in Europa* and *Lilac and Flag*, aiming to trace the journey of the European peasant from the mountains to the metropolis. This trilogy, now appearing in one volume as *Into Their Labours*, is a remarkable achievement of observation and unpatronising sympathy.

At the same time the journalism has not dried up. *Keeping A Rendezvous* is a collection of pieces dating from the late 1980s onwards and happily full of what Berger still does best of all. This is to stand in front of a work of art and tell us exactly what he sees. He does it with Velazquez's "Portrait of Aesop", with Tintoretto's "Woman With Bare Breasts", with the recumbent nudes of Henry Moore, with a collection of black and white photographs of the French countryside around Belfort, with a number of drawings on paper by old masters and moderns. In all these instances what Berger sees goes far beyond the ostensible boundaries of the picture. He is especially perceptive in describing that curious 20th century French folly, an ideal palace built out of tufa by Ferdinand Cheval, a village postman in the Department of the Drôme who died in 1924 but whose monument still lives.

One word of caution: Berger is not always the easiest of writers to read. He puts his paragraphs together like a game of dominoes and he seems to have an infinite number of double-blanks to place between each set of paragraphs. The Berger blank is like the Pinter pause, a pregnant moment of silence within the text. He over-uses it to the point where it has become an irritating mannerism. Berger likes to develop his ideas through parallels between different areas of experience, particularly between human and animal life. Sometimes these are illuminating but sometimes they simply lead nowhere. However, Berger at his best, as in the piece here on Jackson Pollock, is a remarkably rewarding interpreter of visual experience.

Anthony Curtis

Fiction

The charms of Catch 22

YOU ENJOYED *Catch 22*? You'll love *Pettibone's Law*, a rip-roaring first novel by John Keene. It does for Vietnam what Joseph Heller did for the Second World War, and does it every bit as well. It is superb entertainment, a wonderfully maniacal book of a kind which Americans always seem to manage better than anyone else.

The plot is broadly similar to *Catch 22*. Smilin' Jack Rawlins is a fighter pilot, posted reluctantly to Vietnam, who keeps his head down and gets through his tour of duty as best he can, pausing only to drink as much as possible and sleep with all the women he can find. He is surrounded by lunatics – a pilot who sings Country and Western as he flies into the attack, another who seeks out enemy fire because it will mean two more points towards his Air Medal – and comforts himself with Pettibone's Law, which states more or less that everybody is mentally deranged until they have proved otherwise. In Vietnam, as in Heller's Italy, to believe anything else is to court disaster.

PETTIBONE'S LAW
by John Keene
Bloomsbury £8.99. 363 pages

BROTHERLY LOVE
by Pete Dexter
Harvill £14.99, 294 pages

DOUBLE-WOLF
by Brian Castro
Allen & Unwin £8.95. 225 pages

HELLO DARLING, ARE YOU WORKING?
by Rupert Everett
Sinclair-Stevenson £13.95, 232 pages

Deranged on the ground, as well as in the air. The only sane people in Vietnam are the Vietcong, who at least know what they are fighting for. On the American side, they are fighting for a variety of reasons – one because he has political aspirations at home, another because he pays no income tax if he can spend a few hours in Vietnam each month, another because he wants to erect a monument to himself in the form of an officers' mess built with stones from a Buddhist temple, and erected by two Americans under the command of a Vietcong prisoner. What none of them is fighting for is truth, justice, the American way. None of them gives a damn about the American way.

It has been done before of course, but rarely so well. The author was himself a fighter pilot in Vietnam, and has subsequently emerged unscathed from a university writing programme. He writes from the heart, with such verve and vigour that it seems a fair bet that he will never produce another book as good. It comes as an original paperback, with a note from Joseph Heller.

Pete Dexter's *Brotherly Love* is a story of the Philadelphia backstreets, a battleground between Italian mafia and Irish union bosses. As a child, Peter Flood sees his sister accidentally run over and killed by the Mafia-controlled cop who lives next door. Peter's Irish father subsequently chops the cop's head off (just as, in real life, the New York mafioso John Gotti – who lost his son in identical circumstances – is alleged to have had the guilty neighbour cut up with a chainsaw).

Peter's father is killed in turn and Peter is adopted by his uncle. He grows up alongside his cousin, almost as a pair of brothers. The cousin becomes a gangster, but Peter is made of sterner stuff. He seeks a better life, distances himself from his criminal heritage. That he cannot escape his background, and is ultimately trapped by it, forms the crux of the novel. It is a neat little fable, though not as well judged as the author's previous effort, *Paris Trout*.

Double-Wolf, by Brian Castro, is an ambitious reconstruction of one of Freud's most famous cases, seen mostly through the eyes of the Wolf Man himself, but paralleled also by the career of an Australian con man and amateur psychoanalyst, who acts more or less as his double. It is a complex idea, determinedly self-conscious and literary, and tells us, in the words of the blurb, "many important and disturbing things about the nature of our culture and its roots".

Last, and very definitely least, *Hello Darling, are you working?* is not so much a first novel as an ego trip for the actor Rupert Everett, who is putting pen to paper in the belief that everyone has a book in them somewhere. The story, not altogether surprisingly, is about an actor just like Rupert himself. There is even a picture of him in his vest on the cover, in case his fans cannot make the connection.

What is really disturbing, though, is the suspicion that this witless enterprise might have been intended as a TV series with the author in the star role. If, God help us, that ever came about, it would be only poetic justice if he was passed over for the lead in favour of a professional author. The author might have to learn a bit of acting technique – how to wiggle his eyebrows, how to move up stage without bumping into the furniture - but nothing that could not be picked up in the course of an afternoon. Acting is easy, after all. Almost as easy as writing a novel.

Nicholas Best

Hemingway sans teeth

THE FIRST part of Peter Griffin's threatened multi-volume biography of Ernest Hemingway, *Along with Youth*, published in 1985 to critical plaudits from the likes of Raymond Carver and Mario Vargas Losa, dragged us from birth to the year of Hemingway's marriage to Hadley Richardson in 1921. It encompassed such matters as his war-time exploits in Italy and the writing of his first short story. This second volume is the tale of the Paris years, 1922-26, in which the author begins to take his art seriously, becomes fanatically addicted to Spain and bullfighting, and falls out of love with the hapless Hadley.

Hemingway's prose style has been mimicked by many lesser writers, and the results are almost always the same: naivety and artlessness. Unfortunately, Peter Griffin has decided that the best way of making his own mark as a biographer of Hemingway – and it is a difficult field to enter given the plethora of biographies that are already in print – is to do as Hemingway did. He even declares as much in his epilogue, where he speaks of *A Moveable Feast* (Hemingway's fictionalised memoir of the same period, published in 1964) as offering "the biographer a chance to give his story of Ernest's life the texture of Ernest's fiction". What we are therefore offered is a brief, fictionalised reconstruction of the man and his milieu; an unadorned narrative with the minimum of fuss. Unfortunately, the minimum of fuss does not necessarily make for the maximum of impact.

In January 1926 Hemingway set sail on the *Mauretania* for New York, prepared to do battle with two enemies: the publisher of his first collection of stories and the man responsible for depleting his wife's capital. The first paragraph of the opening chapter contains the following sentence: "When the ship started to move, Ernest did not look out the window of the sitting room." This, in a single sentence, demonstrates the failure of Griffin's biographical method for three reasons. The statement overwhelms by its dullness; it cannot possibly be proved one way or the other; it fails to animate the narrative. This trick of presentation – to treat Hemingway and his circle as if they were hand puppets to be manipulated in such a way as to suggest that they are characters in a work of fiction – is the height of absurdity. The tableaux prove lifeless, the details wooden. Each one remains a ghostly, impalpable presence – and Hemingway is the most impalpable of all. We recognise this fact when Peter Griffin quotes Hemingway's actual words. This gritty, pugnacious statement jumps out at us from amidst all the bland fictionalising on page 122, for example: "the diseased oyster shits the finest pearl, as the palmist says". That is the true spirit of Hemingway.

LESS THAN A TREASON: HEMINGWAY IN PARIS
by Peter Griffin
Oxford £14.95, 206 pages

Instead, we have to make do with such statements as this: "the cathedral looks a sheer cliff, with spires domed like churches in the pagan East". The speaker is standing in the Place Ste. Sulpice when he makes this statement, staring at – what? The sentence would suggest that it might be the Cathedral of Notre Dame – but the cathedral is not visible from that square. A second possibility might be the Eglise Sainte Sulpice, the great 18th-century church which dominates the square. But a church, no matter how pompous, is not a cathedral; and this one has twin towers, not spires. And as for doming *anything* with a spire...

At the end of this stream of seemingly endless, tasteless *hors d'oeuvre*, we long to chew on the meat of Carlos Baker. When Griffin has learnt to write biography, I would suggest he spends a month or two in Paris in order to establish whether, amongst other things, Montmartre is on the left or on the right bank of the Seine.

Michael Glover

Resistance territory

AS THE Second World War recedes from view, disappearing into the dead ground somewhere between "contemporary" and "modern" history, the number of writers who understand the true political nature of the conflict is diminishing. This is, to some extent, inevitable. Participants in what was, in reality, an ideological war of far greater complexity than can be defined by citing "fascism," "democracy" – or "communism" – by rote are ageing. Relatively few of these participants in an ideological conflict which, by Britain, was fought largely by clandestine means, have now the inclination to tell us what this war was like for them and the resistance movements in enemy-occupied territories.

Some accounts of SOE (the Special Operations Executive) are being written by those who do understand the underlying political realities. Histories narrating heroism, tragedy and turpitude are in train concerning the Low Countries, Italy, Greece and Yugoslavia. But some of these histories have been long in the works. Press on, gentlemen, please! A generation is coming to maturity to whom the Second World War in occupied Europe is little more than "'Allo, 'Allo."

In the meantime, one has to do with popular or populist accounts of the shadow war. Although the work under review is not immune from factual errors and does reflect the author's political prejudices, *Secret War* is important, even necessary, in historical terms. The book raises, if unwittingly, the central issue in an ideological war of unprecedented ferocity. The Second World War brought resistance movements into being which possessed a singular highest common factor, well-defined by a senior member of SOE who in no sense could be called a man of the Left: "These people (*résistants*) were not necessarily, or even mainly, the people who had hoped things would go back to being just what they had been when it began. They were risking their lives for war aims of their own, which differed in many important respects from ours."

Precisely: what French *résistants* called a necessity for a national return to moral, rather than political standards, defined as *pure et dure* was, in Winston Churchill's eyes, and those of his few close associates, a revolutionary demand. This demand, moreover, was not only inimical to men of the Right, but possibly damaging to British interests.

SECRET WAR: THE STORY OF S.O.E.
by Nigel West
John Curtis/Hodder & Stoughton £20, 305 pages

It is just on this central issue that Mr West, devoting most of his text to it, goes so sadly astray. He seems convinced not only that SOE was tasked to "set Europe ablaze" by supporting resistance movements in sabotage operations and the like, but was riddled with men of the Left – and beyond – who were the conscious or innocent tools of a fiendishly cunning Soviet plan to subvert first an occupied, then a liberated, Europe in the attainment of Stalin's imperial objectives.

That the Soviet dictator had such objectives for Europe as a whole is possible, although one should always be mindful of de Gaulle's 1944 appreciation that "Stalin's ambitions are vast but finite." But setting that debate aside, it is simply not the case that SOE was either as described by Mr West or was tasked to support revolutionary resistance. Impeccable establishment figures like Fitzroy Maclean, Bill Deakin and Christopher Woodhouse, to say nothing of many lesser but eminently reactionary types, all of whom fought hard in the shadow war, have testified in writing to the fact that SOE's support for resistance movements was entirely governed by one basic criterion: were the movements in question an "adjunct" to Britain's wartime and post-war strategic and political objectives, or were they, directly or otherwise, hostile to them? If the answer was construed as "yes," SOE was tasked to support movements: if "no," to lay off, or even oppose them. The evidence for this policy is abundant – indeed, much of it has been published.

There is another area in which Mr West goes astray. He seems convinced that SOE, as a body, both formulated and executed policy for the direction of clandestine war. It must be emphasised to any who seek understanding of how Britain, an empire in decline, waged its last global war, that there was only one arbiter: Winston Churchill. He could be overruled – notably by the chiefs-of-staff – but where clandestine operations were concerned, above all in their political context, he spoke and decided with an unambiguous, authoritative voice.

That Eastern Europe was sacrificed to Stalin's ambitions – a fact on which Mr West quite rightly dwells – reflected strategic realities, cold-bloodedly appreciated by Churchill from 1940 onwards. SOE simply did not come into this picture because, whatever the politics of its men and women in the field, Eastern Europe was not an area in which it could operate effectively.

Anthony Verrier

Running riot through history

IMAGINE the day when advance copies of a volume nearly 800 pages long, its cover handsomely illustrated and its price clearly marked, is delivered to its author fresh off the presses. As he delightedly riffles its pages and dreams of splendid reviews, he forgets the laborious process which has brought this dawn. In particular, he forgets those parts of the process which rest on a fabric of civil laws.

His contract with his publisher was honoured, and if it had not been it could have been enforced – in court if necessary. The same contractual discipline kept together a whole army of printers and delivery firms and paper-makers and bookbinders and designers and ink-manufacturers and the entire complex which comes together in transforming an author's ideas into neatly bound pages. Indeed, the author may dream not just of splendid reviews but of royalties: and if these are not paid he will know what to do.

But the author will forget all this only because society, in general, works so smoothly within its constitutional framework. This triumphant achievement of civilised democracy, in giving, through a system of laws, peace and assurance to most people in the conduct of most of their lives, is forgotten by the author, as by most of us, because of the very success of its operation.

DEMANDING THE IMPOSSIBLE: A HISTORY OF ANARCHISM
by Peter Marshall
HarperCollins £25, 767 pages

The author in this case is Peter Marshall, and he has written a book about anarchism, apparently without recognising the inconsistency between what his book advocates and the system which ensured its production. If the anarchy which Marshall advocates were to prevail, what would have protected the passage of his book, in the absence of enforceable agreements, from the inside of his head to the bookshop shelf? Marshall would reply: the general good-heartedness which prevails in true anarchies. On this profoundly plausible thesis, more below.

Marshall claims that his book is a critical history of anarchist theory, which implies that he sets out to give an impartial assessment both of the arguments in its favour and its achievements. But in fact the book is a sustained polemic on behalf of anarchism, which Marshall presents not by argument but by transcribing an endless number of encyclopaedia articles on any person or group of people in history who found a law irksome or who argued for greater individual liberty.

It therefore turns out, according to Marshall, that everyone from the Taoists of ancient China to Mrs Thatcher are really would-be anarchists or their close relatives, libertarians; from which we are further somehow to conclude that anarchism must be right.

Only the opening pages, and a few near the end, touch on the theoretical case for anarchism. Most of the rest of the book is devoted to giving a few pages each to a vast array of persons and historical periods. John Stuart Mill gets two pages, Oscar Wilde five, the Marquis de Sade six, half a dozen pages gives us the history of Italian anarchism; and so on. Major figures like Godwin and Bakunin get whole chapters each, but three quarters of the book consists of vignettes, whose brevity makes for superficiality and unacceptable generalisation.

Anarchism, on Marshall's definition, is a rejection of the state, conceived as a body which exists to maintain a compulsory legal order. In its place anarchists wish to see society constituted by a "sum of voluntary associations" unconstrained and unregulated by anything beyond goodwill between individuals.

The central weakness in anarchism, thus characterised, is notorious, and Marshall signally fails to address it. It is this: individuals are to some degree self-interested, and not all self-interest is indefensible or irrational. The same applies to groups, such as families or tribes. Sympathies are limited, and so are resources; competition between individuals and groups is therefore inevitable. Competition can, and often does, lead to conflict. Therefore unless there are rules, enforceable and carrying sanctions, to ensure the regulation of competition and a just resolution of conflicts should they arise, the outcome will be that the strong will trample the weak and injustice will be general.

The anarchists' belief that people can live in unregulated mutual harmony is touching but naive. To this inadequate moral psychology they add generalisations about "freedom", failing to see that the freedoms worth having require protection because of their vulnerability, and that it is precisely in pursuit of genuine liberties that humans congregate into civil society and agree laws.

The anarchist's mistake is to think that because tyranny is hateful the state should be abolished. A more rational idea is to abolish not the state but tyranny, by making the state fairer and freer, thus protecting its members from the depredations of the greedy and the vile, who are too numerous among us to make anarchism even a remotely serious option.

A.C. Grayling

ARTS

Hedonism colours the mood

William Packer admires the work of Rothenstein

AT 84, Michael Rothenstein has woken up to find himself not famous exactly, but certainly a Grand Old Man of British Art. Fame, or at least distinction, was never far away: his father was the painter, Sir William Rothenstein, principal of the Royal College of Art between the wars; his brother, Sir John, the first and often controversial post-War director of the Tate. In short he was born into the highest of art and cultural circles and, in his generation, was to be the artist of the family.

So he has gone on over the years, ever prolific, showing regularly, his enthusiasm and commitment undimmed by self-doubt, his work direct and honest. If it has not always been so successful in the outcome as he may perhaps have supposed, his confidence has always carried the mark more of enthusiastic innocence than arrogance. Two current exhibitions now allow us to take his measure. At the Royal Academy is a retrospective of his *Boxes*, the constructions and assemblages he has been making since the 1960s (Piccadilly W1, until March 5), while Flowers East at Hackney (199 Richmond Road E8, until March 15) is showing his latest paintings and woodcuts.

In considering the two shows together, it may seem surprising that the most recent production, even at the age of 84, should be so much better than the more self-conscious labour of several decades. But then he was ever an exuberant colourist and natural expressionist – and a refined and sensitive technician besides. He has only to forget himself in his work, allowing technique to serve him intuitively, to produce images of remarkable beauty and adventure.

Such things now fill Flowers East. The paintings comprise the more substantial *corpus*, fat and succulent surfaces yet invested with images of wonderful energy and vigour, the drawing firm and certain, the colour rich and bright, the tone dark and warm, the mood overall one of hedonistic indulgence and excitement. Rothenstein is eclectic to a fault, and here his references range from Gauguin and the Douanier Rousseau to peasant art and popular prints at their most decorative and lively. The point is only that being unforced, such borrowings become entirely his own. His birds of Paradise perch in his trees, his peacocks strut in his gardens, his cocks crow to dawns of no imagination but his own. All is convincing, all carried through with a wonderful natural confidence and *élan*, none more so than the large colour wood-cuts, each a technical *tour-de-force*, each block and surface cut and printed as fresh and free as any of the birds whose image it might carry.

The boxes are more problematical, for while they manifest in so many respects the same technical assurance and imaginative confidence, they stumble at last over their own self-consciousness. Here is the artist making art not about his own intuitive life and love of the world he lives in, but rather about art itself. He has looked at his references and examples, as before, but now with his mind and intellect rather than his heart. He persuades himself that his commitment is real enough, and so it is, to the idea, but yet the object remains forlorn, unresolved and often not a little ludicrous.

This is not to say that the intellect has no part in art, that art should be thus thoughtless and impulsive, but only that the thought alone is not enough, nor even the half of it. Rothenstein in the 1960s was clearly looking closely at the latest American work, most especially at early Johns, Rauschenberg and Warhol. The ideas were interesting, the factuality of the objects – the brush as brush, paint as paint, pot as pot – for a while seductive. The loaded image lifted from magazine or newspaper seemed also to have a charmingly ambiguous potential. And so Rothenstein made his versions of car-crash pieces (Warhol), juxtaposed Rheims cathedral to a space rocket (Rauschenberg), and stuck his quota of brushes and paints into their boxes (Johns).

We can see and understand why he did it, yet for the most part it remains an exercise, impersonal and unconvincing. The more portentous and insistent his justification, the more unconvincing it is. But some things he cannot resist, and when a cockerel unexpectedly pops out of a box, and the fun starts, we do begin to think again.

'Untitled', 1991, by Michael Rothenstein at Flowers East

Heritage still slips away

THIS WAS the week in which the dam finally started to crack. For years the heritage lobby has wrung its hands over the weak defences that the UK has in place against the loss of its arts treasures to rich foreigners. The jeremiads always seemed overdone. Did the export of the Badminton cabinet really matter? The British do not like furniture and anyway it was pure Florentine 18th century workmanship. As for Constable's "The Lock", most of the paintings in the series are safely in museums and it will be a good advertisement for British art to see it hanging in Baron Thyssen's new Madrid Gallery. And Turner's "Folkestone"? – the Tate is hardly short on Turners.

But on Wednesday Christie's announced it was selling off three undoubted masterpieces which have nestled for centuries in private English collections, works by Holbein, Rembrandt and Canaletto. With the total purchasing grants of our nationally funded museums frozen for a decade at £8.47m there is not the remotest chance that they can raise an anticipated £15m-plus to buy the Holbein, £8m or more for the Rembrandt, or even the £4m for the Canaletto. The National Heritage Fund, with just £12m a year with which to safeguard everything from threatened wetlands to literary archives, is not going to splash it all on one painting.

So rich Germans are expected to sniff around the Holbein portrait of a young girl who was probably a German living in London in the 1530s; the Americans will fancy the Rembrandt, a tiny cabinet painting which passed with flying colours the committee of experts which is re-attributing so many of the artist's works to his followers; and the Canaletto, a view of Whitehall, could even appeal to the Japanese, who like pictures that look like post cards.

This sudden cashing in of their family heirlooms by the English aristocracy has caused a crisis in the art establishment, making Neil MacGregor, director of the National Gallery very cross, and, one imagines, Tim Renton, Minister for the Arts, very worried.

MacGregor thinks that the Holbein belongs in the National Gallery. Rarely does a painting of such national importance come on the market. In addition it will appeal to the public. More to the point a Cholmondeley relative, Philip Sassoon, was chairman of the Trustees of the NG for many years and always assumed the Holbein would end up there. But the new Lord Cholmondeley wants the largest possible sum of money for the picture, partly for family reasons (as the only son he inherited everything in 1990 – £100m-plus – and wants to help out his sisters), partly to shore up his old houses at Cholmondeley and Houghton.

Unlike the owners of the Canaletto and the Rembrandt, he made no attempt to negotiate a private treaty sale with the National Gallery, which would have produced less money but saved a considerable amount of tax. His advisers, Christie's, itself facing a loss following the slump in the market for Impressionist and Modern art, obviously also has an interest in an auction. Neil MacGregor is upset at the precipitate announcement and at the speed with which the painting is presumably being rushed abroad.

Tim Renton must be doubly worried, partly because the Government has for years ducked the whole business of establishing stronger export controls, and partly because his pet solution to the problem, the creation of a list of national treasures which would not be allowed out of the UK, could well have precipitated the current rush of masterpieces on to the market. He now seems to be backtracking furiously.

The list rallied few supporters. Even the committee that produced the idea did so unwillingly and naturally the salerooms and the dealers are opposed. If he drops the list Renton will have to come up with an alternative. The options are limited. It could be more money, either for museum purchasing grants, or for the Heritage Fund. Or he could try to persuade the Chancellor of the Exchequer to introduce tax advantages for donators of art works to museums. Or he can wait for the national lottery to produce the cash to solve the problem.

None of these approaches will be in place in time to save the Holbein. But there is one escape clause for Mr Renton. He has floated the idea that a few really exceptional works of art should be refused export licences. In effect he would put the national interest before that of owners. The Holbein would fall into that category. As an imaginative electioneering gesture the Minister could, with one hand, conjure up

Off the **Wall**

AN ARTS DIARY

By Antony Thorncroft

some extra heritage cash to sweeten Lord Cholmondeley, while decreeing with the other that the Holbein would be refused an export licence.

★

Anyone going down to the Tate Gallery on Monday is in for a big surprise. Virtually every painting and sculpture on show – – has been replaced. The third annual re-hang, paid for thanks to a £150,000 hand-out from BP, is now complete.

It means that many famous works associated with the Tate – Rodin's "The Kiss", for example, and the celebrated run of Mark Rothkos – have temporarily disappeared, but since the Gallery only has space to show around 15 per cent of its holdings, the replacements punch their weight.

There are Rossettis which have not been seen in public for over a decade and Constables which have lingered in the vaults for even longer. Eric Gill's formidable sculpture "Mankind" is appearing at Millbank for the first time in a generation. This year the British rather than the international side of the Tate's collection is getting the boost, in particular the Pre-Raphaelites, Gainsborough, and 20th century British sculptures.

The re-hangs have proved a resounding success. In three years they have boosted attendances from 1.2m to over 1.8m in 1991. The idea has attracted the interest of overseas museums, and galleries in Rotterdam and the Pompidou in Paris are about to pursue frequent change arounds. They have brought neglected artists to prominence – Spencer was the undoubted star of the 1991 re-hang. This time Whistler, who is being pushed into the limelight as a run-up to a major Whistler exhibition in 1994, is expected to draw the critical applause. They have also helped remedy the ridiculous situation in which only a tiny proportion of the Tate's collection of 5,500 works was on view to the public. Already the re-hangs have aired 1,700 works.

Alastair Muir

Norman Beaton, Steve Toussaint and Marlena Mackey

Sentimental in the sun

THERE IS a touch of the Mike Tyson verdict in the audience reaction to Caribbean poet Derek Walcott's play *Viva Detroit* at the Tricycle Theatre. When a huge, muscular black man mechanically declares his affection for a woman who is offering herself to him on a plate, on the first night there was an audible hiss from the women's section. The protest was directed not against the woman but against the man, who was arguably doing no more than taking his cue and responding to the circumstances.

There is also more than a touch of *Shirley Valentine*. Sonny, the big black man, seems unmistakeably drawn from the Greek boatman who takes the women tourists as they come, tells the same spiel to them all, and prefers to stay where he is.

The difference, such as it is, is that this is the Caribbean, not the Aegean: St Lucia in the Windwards, to be precise. Yet before I put anyone off, I should say that the production by the Black Theatre Cooperative, directed by Malcolm Frederick, is excellent. There is a fine set with an outdoor Caribbean bar in the foreground and a Caribbean sun in the background. The performances by all three members of the cast are impeccable.

The problem lies with the play. Walcott was born in St Lucia and is now a professor at Boston University. On the evidence of *Viva Detroit*, he prefers American sentimentality to old world scepticism. The theme of the piece is the effect on the Caribbean islands of hotels and international tourism.

Some 30 years ago, before the coming of the jumbo jets, that might have seemed prescient, and indeed tourism has brought all sorts of hazards, notably drugs. Walcott's play, however, is stuck in the romantic past of television soap. An American girl arrives in the island, falls for the local gigolo and wants to take him to Detroit. When the affair fails to work out, her closing line is: "Happy hours, Sonny. I mean that." A barman who wears a wig, and admits to being part-Indian, looks on throughout, alternately sympathising with the gigolo and the American.

There are some attempted jokes about the Club Med and the rising power of the D-Mark. One joke that comes off is the barman's comment after an exchange between the gigolo and the lady: "Tourist one, native nought." I also liked the reference to the privatisation of the local volcano and laughed again when the lady pulls a gun. "I'm a third world country, babe," says the gigolo. "Let's just cancel the debt." The rest is thin.

Marlena Mackey has superb vitality as the American. Norman Beaton could charm anyone as the versatile barman, and one feels for Steve Toussaint as Sonny now that the fashion has turned against muscular masculinity. All three of them deserve better material. Walcott is currently adapting *The Odyssey* for the Royal Shakespeare Company: no doubt it will be a sentimental journey.

Malcolm Rutherford

Radio

In and out of love

YESTERDAY was St.Valentine's Day, though the Vatican no longer regards him (whoever he is) as a saint. He is at least the authorised patron of February 14, as each network conceded in its way. Radio 2's Gloria Hanniford dealt with him in her afternoon programme, and in the evening there was a programme of "anti-love songs", *Not Saint Valentine*. On Tuesday (St.Saturninus) Radio 4 told of the odd gifts given to celebrate Friday in *My Funny Valentine*.

Anti-love was the feeling in Radio 3's tribute too, also on Tuesday, John Clifford's *The Price of Everything*. This traces an affair from pick-up to fade-out, the talk between Jill (Hetty Baynes) and Harry (Timothy Spall) given a contrapuntal commentary by Cupid (Harold Innocent). Perhaps this casting was itself an anti-love comment, for Innocent, despite his talent and his surname, is not easy to think of in that part, especially with that dialogue. The romance begins in a dance-hall ("I just want to talk") and is pursued via a pub, a restaurant, a cinema, a hotel bedroom, to ultimate disillusion (though there is talk of "beginning again"). Jill denies being a tart, she just wants to be paid for her time and her talk. Everything women do costs money; she works out her dance-hall allure at £288. What men do costs money too; Harry says he is a City man, a successful dealer in futures, but proves to be something very much less. The play is as wise as it is funny, and was very well done under Marilyn Imrie's direction.

The first of the Radio 4 Debates was not quite so wise nor so funny. The motion was that "The House of Lords is an anachronism and should not continue in its present form," a proposition unlikely to engender much novel thought, even debated by Their Lordships. Lord Mishcon, proposing, reminded us that the House was a reforming, a revising chamber; he asked if it were really in touch, and was the hereditary principle justified: everyday ideas. Lady Seear, seconding, called more excitingly for a radical constitutional reform, with chambers for Scotland and Wales, and a senate, all elected by PR.

Lord St. John of Fawsley, opposing, insisted that the House *actually works*, much hard work was done in revision; no party dominated; heredity offered youth. Lord Allen of Abbeydale reminded us that that the Lords initiated some worthwhile Bills, such as the Charities Bill. From the floor there were denigrations of other nations' second chambers, praise for cross-benchers, sneers for backwoodsmen. Yet the motion was defeated by 39 to 34. Tomorrow, "The only way to save the planet is for the West to adopt a lower standard of living." The Chairman is Brian Redhead, who also wakes us up in *Today* at 6.30, and is presenting a good ten-part series on the progress of the Church, *Protestors for Paradise*.

On Thursday, Radio 4 began a new series of *Soundtrack*, in which events are made to sound as if overheard, though behaviour is seldom quite spontaneous when recorded in stereo. In *The Road to Barlad*, well-intentioned but inexperienced folk decided to visit Romania and give some help – painting, plumbing, goods, a few songs with the guitar. Work was indeed done, toilets repaired, shoes distributed to thousands of children, who were trained to cry "Yes, please, Eddie!" when asked if they would like a song. But mere good intentions were not enough. There was friction among the party; and the inevitable irrelevance of child-adoption came up. "We now know what's to be done," someone said at the end. Lovely people as they were, they should have known before they set off.

A new series of *Words* on Radio 3, by Naomi Lightman, began with five minutes on the word "extra-mural". Though in its way it decribes the programme, it's hardly interesting enough to entice listeners to hear Lightman's subsequent talks, examining varieties of the word "tourism".

B.A. Young

Records

Faust in grand opera style

A COMPOSER of genius in limited fields, Gounod was a most unsatisfactory person – flawed in character as in much of his music, but not in the lyrical style and polished craftmanship in which he excelled. After a period of scorn and neglect his best music, or such of it as is nowadays performed, shows every sign of survival. *Faust*, his most popular work, whose prolonged and apparently unshakable success at the Paris Opéra and elsewhere infuriated younger composers like Debussy and led Bernard Shaw to complain that "the professional critic in London has to spend about ten years out of every twelve of his life listening to *Faust*" may never regain the position of almost everyone's favourite opera. But, seen now in a different light, it is back in the repertory.

The new EMI recording made under Michel Plasson with the chorus and orchestra of the Capitole at Toulouse and an exciting cast, comfortably sums up and fills out the *Faust* we used to know rather than the one that has recently come out of wraps. Three young Americans of great talent sing Marguerite, Faust and Valentine. The ever-improving Cheryl Studer has the brilliance and agility (and the trill) for the jewel song as well as the strength to sail out in the final trio – the oboe-like timbre excludes over-sweetness. Richard Leech, recently admired as Raoul in *Les Huguenots*, even if he doesn't sound much like a philosopher old or young (few tenors do), sings the title-role with supple grace and an engaging candour. Thomas Hampson is Valentine, successfully conveying that the gallant soldier is also an unpleasant bigot. The Siébel of Martine Mahé and Dame Marthe of Nadine Denize could hardly be bettered. The dominating figure, and rightly so, is the Mephistophélès of José van Dam, filled with a kind of bitter grandeur, even contriving to suggest something of the missing serious background.

Why, then, since the orchestral playing and ensemble work are very good, is there a slight tinge of disappointment? Gounod carved, not in marble, but in alabaster. Even so, the continuous smoothness and some rather ponderous tempi make for airlessness. This is a studio production – if the Corn Exchange at Toulouse may be called a "studio" – perhaps what one misses is the tension, with the risk of occasional untidiness, of live recordings.

The feeling is partly due to the expected but unadventurous decision to use the established grand opera version with recitatives and not the original opéra-comique *Faust* with spoken dialogues (Théâtre Lyrique, 1859). As we know from the ENO staging this reduces the upholstery, lets in the air and works against Gounod's constant tendency to veer towards the grandiose. The issue is not cut-and-dried. In his valuable study *The Operas of Charles Gounod*, Steven Huebner of McGill University Montreal explains that Gounod would have liked both spoken and recitative versions of *Faust* and of *Roméo et Juliette* to co-exist, for opera companies to choose whichever suited them best. Oddly enough Huebner, who inclines towards the grand opera *Faust*, does not mention the ENO production.

Gounod: Faust. Studer, Leech, Hampson, van Dam/Plasson/French Army Choir/chor. and orch. Capitole, Toulouse. EMI 7 54228 2 (3 CDs).

Verdi orch. Berio. 8 Romances. **Falla orch. Berio** 7 Spanish Folksongs. English Chamber Orchestra/Berio. Philips 432 889-2.

"Rossini Heroines". Bartoli/chor. and orch. Teatro la Fenice, Venice/Marin. Decca 436075-2.

EMI score in completeness. Marguerite's spinning song is in, also what remains of the Walpurgisnacht. An appendix includes various things dropped by Gounod but worth having on record. The most interesting is the predecessor of Mephisto's "Calf of gold", a sinister "Scarab song" from the world of *The Tales of Hoffmann*. A tiny fragment for Siébel is surely worth restoring. It was a mistake to relegate the ballet music from the correct place in the limping Walpurgis scene to the appendix. The dances are enjoyable as well as typical examples of the style, and they are the only surviving evidence of the "orgy of queens and courtesans" promised by Mephisto. Faust's feeble "couplets bacchiques" are no compensation. A shame that Marguerite's mad scene in prison has not survived.

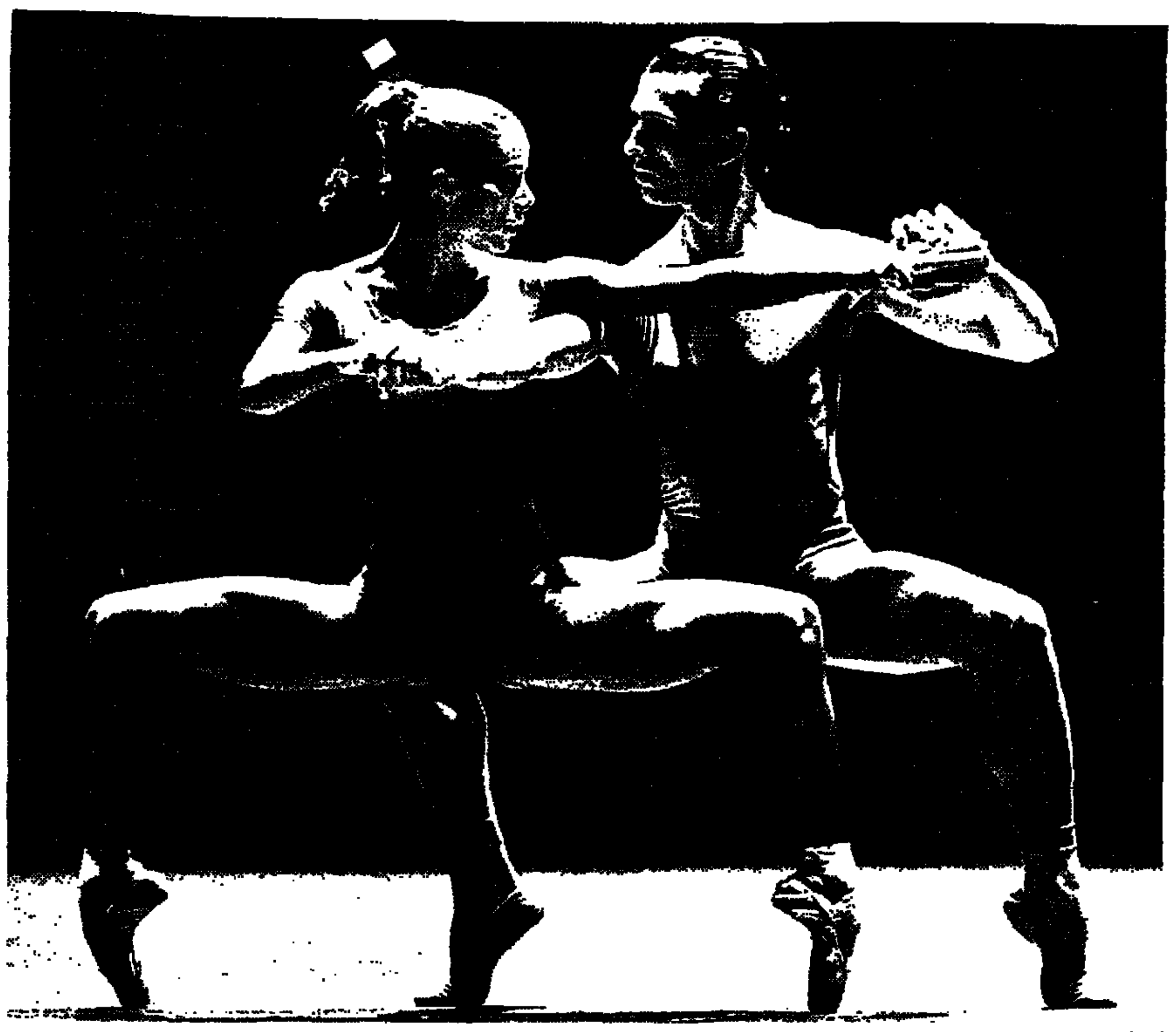
If you prefer the church scene (excellently done by Studer and van Dam) after Valentine's death, you can play them in that order. It is musically insensitive to follow the church scene with the soldiers' chorus. That old favourite is rousingly sung by the presumably specially imported French Army Choir, without a trace of the lately fashionable alienation. A boy at school used to sing the tune to alternative words – "*My* Aunt-ie swallered a penny bal-*loon*". Unfortunately, except that "the bloody thing bust", I can't remember the rest. Can any reader oblige?

The Carreras single of eight romances by Verdi and Falla's Seven Spanish Folksongs in orchestral transcriptions by Luciano Berio show a degree of enterprise and discrimination rare in star tenors. The Verdi songs, dating from the ten years after 1835, are studded with hints of the early and middle-period operas including a phrase from *Il Trovatore*. Berio plays wittily, affectionately, sometimes violently with these references, adding instrumental links to bind the songs into a chain. An unexpected glance forward to *Samson et Dalila* allows him to pay a swift, graceful tribute to Saint-Saëns.

The Falla transcriptions are remarkable. Berio does not imitate the suggestive quality of Falla's masterly piano writing. He separates and heightens colours; they are stronger, but still restrained. I have never heard these songs sung by a man. They don't lie very well for a tenor voice. Carreras, musical and responsive as he is, has some difficulty with the soft, sustained lines of "Nana", an unmasculine lullaby, and with the beautiful, mournful "Asturiana". Worth hearing all the same. As conductor Berio skilfully allows the instruments their head without covering the voice.

The year Rossini 200 makes a blazing start with the mezzo Cecilia Bartoli's "Rossini heroines", eight numbers taken from operas and a royal wedding cantata, written for Rossini's favourite singer and future wife, Isabella Colbran. All of them except the Venetian *Semiramide* come from his Neapolitan period. All bar one have chorus, three of them are rondo-finales of the *Cenerentola* type. Monotony is kept at bay by careful choice and contrast. The copper burnish on Bartoli's gleaming tone is perhaps too unvarying and she raps out all her flourishes in much the same semi-staccato. Yet how lucky we are to have at this juncture an artist who sings with such youthful vigour, warmth and confidence – and dead in time.

Ronald Crichton



Alastair Muir

Darcey Bussell and Laurent Hilaire: a dance recipe attuned to our times

An aerobics class in hell

Clement Crisp reviews Forsythe's 'In the Middle, somewhat elevated'

WILLIAM Forsythe is the most fashionable choreographer of our time. His ballets are staged for many companies and, as we have reported, his own Frankfurt troupe plays two regular seasons in Paris every year. He is a purveyor of large, curiously grey-toned and determinedly earnest theatre-pieces to which audiences and commentators love to ascribe deep philosophic meaning. (The journalism surrounding Forsythe's work is of stunning pretensiousness and obscurantism – like the pieces being described). He is also a manufacturer of dances which rupture and derange the classic vocabulary, speeding it viciously up, driving it to the verge of physical breakdown.

This, of course, inspires parrot cries of "The new Balanchine" from observers who presumably neither know nor care about the Balanchine academy and style. (They may well also confuse a circus knife-throwing act with Olympic fencing). What catches audiences is Forsythe's skilled admixture of menacingly oblique drama – dark stages littered with anxious, arcane activity – and brutally unbalanced movement. Probably the best, and saddest, thing to be said about Forsythe's current work is that *he offers a dance recipe exactly attuned to our times.*

In 1988, Forsythe staged *In the Middle, somewhat elevated* at the Paris Opera. On Thursday night it arrived at Covent Garden, a fact perhaps not unconnected with the presence of Sylvie Guillem as guest with the Royal Ballet, since she created a leading role in Paris, together with Laurent Hilaire, who is also now in London to take part in performances. The choreography is cast in Forsythe's most extreme and distorted style, *like an aerobics* class in hell. Six women, three men, tastelessly garbed in leotards of an unfortunate green shade, fling themselves on to a stage bare, dark, with characteristic Forsythe lighting which both illuminates and obscures (there's a message here!), with two gold cherries above the stage, in the middle, somewhat elevated (ah! the other message), while an electronic score by Thom Willems, Forsythe's favoured composed, *clanks and bangs like a dys*peptic radiator.

There ensue sequences of choreography in which the academic language is pushed towards its physical edges, tilted angrily off balance, driven onward with fierce muscular pulses. Patterns are dispersed, fragmentary. The dancers move in an out of their character as performers – sometimes sauntering away from the scene of the crime, or standing as observers at the *side of the stage – as a further* example of the piece's *dégagé* and disingenuous attitude.

What is most remarkable is that the dance-language is so blatant, so essentially dull, and so fundamentally unadventurous. For someone hailed as a classic innovator, Forsythe provides brutalism on the most obvious terms by mugging academism, instead of evolving the new writing claimed for him – and also claimed by him: "The vocabulary is not, and never will be, dated. What *dates is the writing". But For*sythe's view of dance is of unrelenting, undifferentiated physical stress, of harshness and deformation, of dynamics unleashed but aimless. It taxes its interpreters. It also degrades them, cheapens their identity in making them appear like demented and hyperactive gymnasts.

That said, the Royal Ballet's casts perform magnificently well. Sylvie Guillem and Laurent Hilaire are entirely at *home – Mlle Guillem too* revealingly so – and Darcey Bussell, in the other leading role, is a marvel of Mach-one speed and laser precision, through the task is unworthy of her. To Peter Abegglen (who finds prodigies of energy and clarity for his solos), Michael Nunn, Bonnie Moore, Deborah Bull, Deborah Jones, Gillian Revie, all praise.

The nice irony of the programme is that *In the Middle* is preceded by two of Ashton's most assured and beautiful classic dances: *Scènes de ballet* and *Monotones*. There is, I think, more truth about classic dancing in our century in the first five minutes of *Scènes than in all the Forsythe chore*ography I have seen, for it is a marvel – though it will look more marvellous this season when its casts are fully adjusted to its demands. A welcome for Sergiu Pobereznic as the male lead – easy, quietly noble, with elegant feet – and for the return of *Monotones* and its lunar felicities, with Bryony Brind also happily returned to the stage. No welcome at all to the Opera House's short commons: this *programme comprises 70 min*utes of dancing and 60 minutes of interval. With today's uncomfortable seat prices, more could – should – be given to an audience faced with harsh choices on how to spend money in a recession.

Moody at Scott's

A FUNNY man and a fun player, roly poly saxophonist James Moody and his quartet extended Ronnie's season of ribaldry this week. For the last three weeks we have had Roy Ayers' funk and fusion interspersed with harmless double entendre and now it is Moody's turn to make 'em laugh.

An early bopper who started out with Dizzy Gillespie in the mid-1940s, his career has seen stints as a sideman to that most serious of musicians, Miles Davis, as well as front man in Las Vegas clubs. British audiences last saw him in the Albert Hall, blowing behind B.B. King as a part of Gene Harris's big band. Nowadays his gigs as a quartet *leader feature comic vocal* antics ("More Frankenstein than Billy Eckstine," he admits), as well as short and punchy versions of standards like "Wave".

Why Moody need bother with quite so much fooling around is anybody's guess. He's an old hand and can get around a tenor, not to mention the alto and flute, and stirs up unlikely tunes like "Roll Out the barrel". The improvisation on all three instruments, which are employed in equal measures, is clean and snappy and the accompanists – Todd Coolman (bass), Marc Copland (piano) and Akira Tana (percussion) – take their solos by rote and willingly enough. Copland and Coolman (a good name for a jazz man) work *especially well on the* former's ballad, "But not for them".

But the gags and patter dominated in a show more suited to the supper club than jazz club. Not that he's unfunny: the one about a pet dog which liked cantaloups – "My Melon Collie Baby" – was good. It's just that Moody is an original bop saxophonist and it would be good to hear more of the playing which influenced so many of today's tough young tenors.

The supper club atmosphere had already been set by Judith Owen, however, whose name betokens someone more dull than the personable singer seated at the piano. With a style located somewhere between Joni Mitchell and Kate Bush, leather trousers and blonde good looks to boot. Owen has the voice and songs which deserves to succeed on American FM radio.

Garry Booth

Bunin comes to London

ABOUT half of Stanislav Bunin's capacity audience on Wednesday at the Barbican seemed to be Japanese, since his recital début here was sponsored by Asahi Shimbun and Japan Airlines. London has been curiously slow to welcome this Muscovite pianist, whom the rest of Europe has been celebrating since 1988. *Just why, we rapidly discovered.*

Bunin's family tree includes not only the composer Szymanowski, but the great teacher Heinrich Neuhaus. His technique is immaculate, and yet in this all-Chopin programme he never once brandished it for its own sake. If nobody could fail to notice his tingling chord-cascades in the Second Sonata, or his racing brilliance in the B-flat minor Prelude, they were merely what the music required – but rarely gets in such generous measure.

All his attention was concentrated upon realising the music, lucidly and lovingly, and he achieved some miracles of penetrating simplicity: in the trio of the *Marche funèbre*, for example, which became quite luminous. He went in for no dramatic swaying or gesturing; usually he bent forward over the keyboard, watching the keys and his hands intently as if monitoring delicate, high-precision instruments.

The result never sounded like hi-tech calculation. On the contrary, Bunin allows himself plenty of expressive rubato – sometimes, indeed, in pieces which strike me as presupposing a sterner pulse; but always in the pure service of lyrical sense. He cultivates a notably beautiful, velvety piano-sound, which affords him full-force moments without turning clangy. In the 24 Preludes of op. 28 he exploited colour-effects less than many pianists, preferring to secure all the necessary contrasts by meticulous characterisation of every prelude.

With the F minor Fantaisie he was unusually deliberate, but fascinating. There is anyway *something obscure, even* evasive about this hugely ingenious piece: one can't expect definitive revelations of what it's about, just more or less plausible "readings" of it. Much the same is often said of the Polonaise-Fantaisie – and of the B-flat minor Sonata. This time, however, Bunin's glorious performance of the sonata really had the impact of a revelation.

Even the *Marche funèbre* had an unfamiliar stamp (troubled *and inconsolable, without* pomp or strident protest) which carried complete authority; and in the first movement, Bunin's powers encompassed the essential driving urgency *and* an extraordinary wealth of sensitive detail. It will stay in one's mind for a long time. Meanwhile, Bunin has a considerable repertoire beyond his revered Chopin: may we soon hear him in more of it!

David Murray

'Street Scene' lives up to its promise

The Coliseum has got it right this time round says Max Loppert

THIS IS a superb revival. It proves three points at one blow – that *Street Scene*, termed a "Broadway opera" by its creators, is one of the key achievements of Kurt Weill's opera-composing career and thus of our century; that the ENO remains a company capable of incomparable ensemble work; and that all *David Pountney's 1989 produc*tion needed was the paring-away of its bedizening excesses to afford an evening of musical theatre on the highest level.

Under the care of the revival producer, Nicolette Molnár, the show has been pruned, tightened, focused. The plethora of "freezes", tricks with cut-out props during the Ice Cream Sextet, jokey curtain calls and other examples of excrescent business have gone, leaving a concentration on character-observation and a fine meshing *of the personal with the* communal that do more than any producer's underlining of detail ever could to reveal the fierce vitality and integrity of the opera's musico-dramatic fabric.

Thus handled, *Street Scene* emerges as one hoped it would first time round at the Coliseum – as a startlingly original masterpiece, a finely planned and executed meeting-point of "popular" and "serious" rarely achieved in our categorised, compartmentalised century, a work of luminous humanity whose vision of life at the lower end of the city is at once a period piece and piercingly, at times painfully modern.

In 1992, indeed, with hard times, *vagrants in city door*ways and house repossessions all around us, the "relevance" of the work might be thought too grim to bear. But of course it is not like that at all: the multifariousness of the musical idiom, and the determination of Weill and his librettists to please and to move but *never* to lecture their audiences, ensure that one leaves the theatre uplifted in spite of *the threadbare setting* and the tragic finale.

The conductor, James Holmes, is another notable improvement. He keeps the action fluent, the colours bright, the pace cumulatively building. In this difficult-sized and -shaped theatre, balance between voices and instruments is still uneven (might the company not consider experimenting with a smaller-sized pit band?), but the problem has diminished under Mr Holmes's care, and his comprehension of the score's marvellous unity-through-variety is impressively evident.

The cast is filled with newcomers – Meriel Dickinson's magnificently implacable Mrs Jones, Anthony Mee's ebullient, ice-cream-apostrophising Lippo Fiorentino and Terry Jenkins's fire-breathing Mr Kaplan are the most important revenants from 1989. There are too many keenly acted and sung cameos to list: the Henry of Keel Watson, Greta Fiorentino of Christine Bunning and Harry Easter of Richard Halton demand particular mention, but so do the raucously exhilarating Dick and Mae of Philip Gould and Caroline O'Connor – their showstopper did just that – and the excellent contributions from all the children.

The principals come fresh to their roles. Mrs Maurrant affords Janice Cairns one of her finest achievements on this stage: powerful of voice, artlessly sympathetic and shining with womanly candour, she takes her proper place as the opera's tragic heroine. Mark Richardson finds the right raw physical and vocal intensity as her violent, inarticulate husband.

As Abraham Kaplan, the conscience of the piece, the young American tenor Kevin Anderson (British debut) lacked a little in mellifluousness but nothing in naive passion – this was another acutely physical performance. Lesley Garrett may have seemed a surprising piece of casting as Rose Maurrant; in the event, she subdues her natural attention-grabbing tendencies to eloquent and touching purpose. Her New York accent needs more work.

This revival, sponsored by BMW, has been pitched at special low prices. In crude value-for-money terms – and in other, nobler ways as well – it represents, therefore, one of the greatest bargains the London theatre currently has to offer.

Alastair Muir

Kevin Anderson and Lesley Garrett in this superb revival

Nicholas Woodsworth flees a sanitised haven of luxury in search of the noise and bright colours of the traditional frontier towns — and the mountain that shadows them

Under the volcano, the real Mexico erupts

"FUMAROLAS," said the Mexican gentleman sitting on the aircraft beside me. Was he talking about some local brand of cigars, I wondered? He was a big, middle-aged man with a heavy black moustache and a large girth: just the type, I thought, who at the end of this non-smoking flight might be badly missing his favourite cigars.

"Fumarolas," he said again, this time tapping the plexiglass window beside my head. I looked out, and far below saw a cone-shaped mountain rising high above the surrounding hills. From its summit a long trail of white vapour tailed horizontally in the wind.

"Es el Volcan de Fuego," said the big man, buckling his seat belt for our descent. "Esta un cono eruptivo y constantamente emite fumarolas."

Not even a hopeless Spanish speaker like me could fail to understand. As the volcano receded in the distance and the aircraft headed earthwards to Manzanillo and the Pacific coast, the image of that long white tail of vapour lingered, bright against the dark green jungle beneath it.

The luxury hotel Las Hadas sits at one end of the wide, sweeping Bay of Manzanillo. At the other end, across four or five miles of bright blue water, you can see the port city of Manzanillo itself, a silhouette of cranes, shipping piers and freighters riding at anchor.

Perched on the steeply sloping edge of a small peninsula and surrounded by walls and gates, the resort is a little world unto itself. Las Hadas has everything — tennis and golf, bars and restaurants, marinas and beaches, shops, beauty parlours, doctors and church services. Exclusive in the true sense of the word, Las Hadas has everything, in fact, except Mexico itself.

Most of the guests are American. They vacation at Las Hadas not to come to Mexico but to get away from Chicago, Philadelphia or Kansas City. Struggling to catch up with the Japanese has its price — most Americans have only two weeks' holiday a year, and it shows.

Captains of industry arrive, pale and drawn, and are received by smiling staff in red fezzes and white uniforms. Silent electric golf carts ferry them to rooms where bougainvillia-covered patios overlook the bay. Once installed, they collapse at pool-side, not moving very much more than the captive green iguanas that sit sunning themselves on the little island in the middle of the pool. The last thing the guests at Las Hadas want is noise, bustle and that mixture of pleasures and irritations which, in unpredictable measure, lie in the vast country that is outside the hotel gates.

Like everyone else at Las Hadas, I fed the iguanas red hibiscus flowers and drank coco-loco cocktails sitting on an underwater stool at the pool bar.

I wandered through the white-washed architecture — domes, arches, towers and terraces — that lends to the resort its Moorish village theme. I browsed through the souvenir shops at the shopping arcade. I tried lunch at the Oasis beach restaurant, a sunset aperitif at the Legazpi piano bar, and a seafood dinner at The Dolphins restaurant.

As the aircraft headed to Manzanillo and the Pacific coast, the image of the volcano's white tail of vapour lingered, bright against the dark green jungle

It was all undeniably pleasant. But unlike everyone else, I had one simple problem. Not having worn myself ragged through 50 consecutive weeks of merciless battle with the Japanese, I found myself the tiniest bit bored.

This was relaxing perhaps, but it was not Mexico. I wanted noise, movement, colour and the country outside the Las Hadas gates. So I rented a car. I was thinking of the volcano and its long white trail of vapour.

* * *

Mexico is like any part of the world where holiday-makers come for warm ocean water and sunny beaches: *leave the coast and head* inland and in a surprisingly short time the traffic, crowds, bars, restaurants, hotels, condominiums and time-share apartments disappear. Less than 15 minutes behind Manzanillo, where the heavily commercialised coastal plain suddenly gives way to steeply-rising hills, I felt myself moving into an older, more traditional Mexico.

A dramatic change came over the country as I rose above the humid coast. The country became drier and more sparsely covered. The leached tropical red soils of the littoral gave way to grassland. Corn grew tall in roadside fields. Cactus appeared. Cattle wandered in herds. By the time I leveled off on a plateau high over the coast, the air was cool, clear and scintillating, and I was in the open rangeland of cowboy country. As I drove through the town of Colima in the centre of the plain I saw, looming over the twin spires of the town's baroque cathedral, the skyward-rising flanks of the Volcan de Fuego.

Built by the Spanish conquistador Hernando Cortes in 1527, Colima is one of Mexico's oldest settlements. Cattle ranching and farming on the surrounding plain have done it well. Proof of its wealth are the shiny new pick-up trucks that roll into town when a day's work is over. Driven by smiling Mexican ranchers wearing cowboy hats and silver-and-turquoise belt buckles, they blast music far and wide through open windows as if to announce their happy prosperity.

But it will take more than prosperity to change Colima. Although only 30 miles from tourist seaside resorts, its colonial churches and plazas are rarely visited by foreigners, and its frontier flavour remains strong. The greater the distance I drove from the coast, the further back in time I seemed to move.

Outside Colima I began to climb again, following a road that made its way first past sloping corn fields and pastures, and then wound upwards through green jungle of broken hills and narrow valleys. An hour later I was at last under the volcano.

From 20,000 ft in the air, the Volcan del Fuego had looked perfectly smooth, featureless and still. Now, looking upwards from its base, I saw a steep world that was rough, wild and full of life.

Wildflowers — bright orange, yellow and blue — grew in masses along the roadside. Whole trees were picked out with blooms, and long-tailed birds perched in their branches. More spectacular yet were the butterflies that flitted about in their thousands, some tiny, some so large they looked like white handkerchiefs being jerked in the air by an invisible hand.

But this was a human world as well. Riding horses fitted with high, wooden-pommeled saddles, dour and silent Indians followed by packs of dogs filed along the roadside carrying loads of maize or firewood home to adobe villages. Higher on what had now become a rough dirt road, the villages — smokey, low and mud-built — seemed to revert to some prehistoric existence.

Higher still, where the road became a track, the mountainside took on its most primordial aspect: just six months before, large swathes of the volcano's upper slopes had been scarred by the lava burns of a violent eruption.

But I was not interested in travelling too far back in time. In the small hillside village of Comala, where ashes from the eruption had rained down on cobbled streets, red-tiled roofs and the shady gardens of walled courtyards, peasants in white cotton were celebrating the fiesta of the Virgin of Guadaloupe.

In the village's main square, scores of horses tied to hitching posts stood in the sun flicking their tails at flies. Hot and sweaty, their scent mingled with that of the square's flowering roses and the odour of tortillas cooking in cantinas behind arched collonades. *Like the horse's straw-hatted riders,* I took refuge in the shade there, and feasted on bean and guacamole tacos and a strong red punch made from tequila and pomegranates.

Out in the middle of the plaza, under the cupola of a band-stand surrounded by milling crowds, tall coconut palms and trees bright with oranges, a uniformed brass band played Mexican marching music. From the church opposite, where a winged angel perched between two tall spires, swelling organ music drifted through open doors. At the tables immediately around me, *strolling guitar and accordion* players sang loud *rancheros*, the vibrant, simple music of the Mexican countryside.

It was the most cheerful, clashing, and confusing of seranades. It did not matter. Here, under the volcano, was every movement, colour and noise any fugitive from a peaceful seaside resort could wish for. I had found Mexico.

■ *There are no direct flights between the UK and Mexico. The most convenient routes are via Dallas and Miami. Nicholas Woodsworth flew to Mexico with American Airlines (London tel: 081-572-5555), which offers excursion fares to a number of Mexican west coast destinations for around £600.*

In Manzanillo, Woodsworth was the guest of Las Hadas Hotel, PO BOX 158, Manzanillo, tel 30-000, telex 62506. Car hire for inland excursions is available through major agencies, but somewhat pricy at around $80 (£44) per day.

Information about travel in Mexico can be had from the Mexican Tourist Office, 60 Trafalgar Square, London WC2N 5DS, tel: 071-734-1058.

Skiing/**Andrew Anderson**

The fun of Flims

IF KLOSTERS leaves you cold — so *many* duchesses, darling — or if you find Davos dull on third acquaintance, then Flims, just 90 minutes south-east from Zurich, could be right up your schuss.

Flims is a ski resort for those who think they have "done" Switzerland. It has a large, pretty ski area which, although not particularly challenging, holds enough slopes to keep an intermediate happy for a week. It is not overcrowded, is relatively high and is convenient for airport transfers. Best of all, it is very little-known to British skiers — no Hoorays on the slopes or *gluhwein*-louts on the streets.

Both Flims and its sister-village of Laax, a few miles away, are cradled amid a sunny bowl which faces south-east and is called *Der Weissen Arena* — the White Arena. It is a long-established resort with several new lifts, opening-up a relatively well-interconnected "ski circus."

Flims Dorf, the original village, wends along a busy main road. There is little Alpine romance here; it is a working village with the usual cluster of bars, banks and (expensive) ski-hire shops for tourists. The Albana bar is within staggering distance of the two main ski lifts — a three-man chair to Foppa and a four-man to Naraus, from which there are (occasionally icy) red runs back — and the two-stage gondola to a wider ski area at Startgels.

Flims Waldhaus, just up the road towards Laax, is more sedately attractive: a cluster of cafés, shops and purpose-built hotels, among them the slightly fantastical Schweizerhof, which perches like a wedding cake among the trees; the smart Adula, with its gourmet Barga restaurant; and the five-star Park Hotel. In both villages, apres-ski is more muted than manic; but then, many find that a major attraction.

Much of the best sport is to be had in the La Siala area. It is largely wide-open, motorway skiing, but hugely enjoyable in good snow. Better skiers should seek out the black descent from Crassons or (in good snow) the steep paths down to Plaun.

The piste station of Crap Sogn Gion is served by a cable-car from Murschteg, a purpose-built satellite of Laax. The run under the cable-car is used as a downhill course but can be tackled by a confident intermediate. There are nice, fast red runs from much of the Crap Sogn Gion area, but the great attraction is higher up, on the black run off the Vorab glacier: knee-tremblingly steep for a short while, then a long descent full of swooping and whooping down to Alp Ruschein.

The White Arena is well served with largely self-service mountain restaurants, although even the cavernous ones such as Nagens tend to fill quickly at lunch-times. The food is standard hearty German fare; for those whose frozen tongues cannot get around the word *weinerschnitzel*, nearly everyone in Flims speaks English.

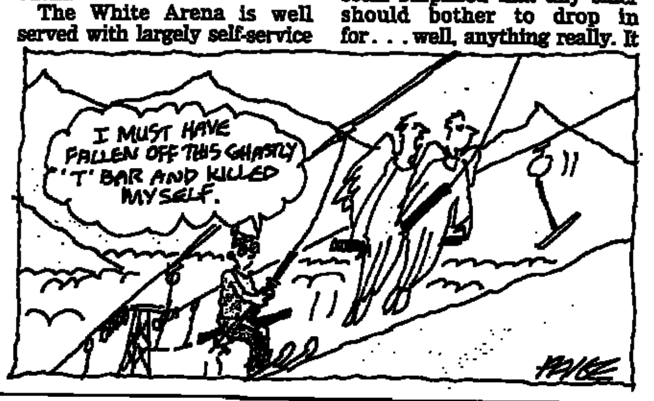
One of the best restaurants is the Runcahöhe, tucked away in the trees towards the bottom pistes of Flims Dorf, although the long pole to reach it renders one incapable of little more than falling into a chair and calling weakly for the House speciality, coffee laced with a near-terminal dose of rum. A couple of these make the easy, but pretty, tree-lined run back to base more interesting.

The real cognoscente soon discover the delightfully-uncrowded farming hamlet of Falera, reached by a long, fast blue run from Crap Sogn Gion or (lower down) the Curnius chairlift. It has a couple of hotels for lunch, two pretty churches, a distinct aroma of cow, and friendly locals who seem surprised that any skier should bother to drop in for . . . well, anything really. It also has the World's Slowest Chair Lift back to Curnius.

And that is Flims: unpretentious, efficient, pretty and, although day-to-day expensive, less so than its super-posh near-neighbours. Drawbacks? One, and it is T-shaped.

In common with many Swiss resorts, Flims suffers from the curse of the T-bar, the silliest ski-lift known to man. There are dozens of the things. And at the head of the queue for the busiest, flashiest T-bar of all, I fell off. Right in front of everyone. And got on again. And fell off again. And again. Until an aged and kindly Swiss gentleman helped me on, and off at the top. He even offered to carry my ski poles.

Oh, the shame of it. Thank God there were no Brits there to see me . . .



■ **Andrew Anderson travelled to Flims with Powder Byrne Original Skiing (071-223-0601) which offers five hotels and one chalet in the resort. Prices range between £568 and £684 a person per week for half board in the three-star Waldek Hotel, to between £860 and £1,050 in the five-star Park Hotel, depending on season. Powder Byrne "ski managers" will ski with holidaymakers every day if clients wish — a useful service. The lift pass costs around £95.**

Other operators to Flims include Swiss Travel Service and Made To Measure. Flims' close proximity to Zurich means it is a useful long weekend destination; there are regular scheduled flights on SwissAir from London Heathrow to Zurich, or long weekends can be tailor-made by Powder Byrne.

Royal approval

WHEN THE Duchess of York visited Altenmarkt in Austria recently, she became one of the latest people to discover the pleasures of this little-known town and its big ski area.

Altenmarkt is known mainly for being the home of the Atomic ski factory and the Steffner ski sweater plant. If your business is not at one of those places, then it is easy to miss Altenmarkt. Many do. They roar along the motorway from Salzburg and turn off to St Johann in Pongau and Zell-am-Zee, or drive on to Schladming and Obertanern, all of which are better known than Altenmarkt.

Yet Altenmarkt does not deserve to be overshadowed. It is the mother town of a ski region that is far bigger than many more fashionable areas.

The locals refer to Zauchensee — the resort six miles from Altenmarkt — as a ski paradise. I do not think they are exaggerating. The Amade ski area of which Zauchensee is the hub provides 320 kms of skiing spread across five valleys and six mountains.

In Austria, Altenmarkt is known as a *schneeloch*, or snow hole, because it gathers snow from the west and south whereas most other resorts receive snow from only one direction. Another advantage is that it is so close to Salzburg. It is only a 45-minute ride from Salzburg airport. I once landed at Salzburg airport at 3.40, cleared customs by 3.50, was in my hotel in Altenmarkt by 4.50 and had rented skis and boots by 5.30.

Altenmarkt has a population of 3,000. It has some shops that would not look out of place in London's Bond Street as well as a sports centre with two indoor tennis courts, two squash courts, swimming pool, Turkish and sauna baths, and a floodlit cross-country skiing trail. Best of all, there is an onion-topped church with magnificent bells that boom out the half-hour and hour.

Like many Austrian ski resorts, Zauchensee has grown enormously in the past 20 years — and with it Altenmarkt. Germans from nearby Munich as well as Austrians from Salzburg and Vienna have discovered the pretty town. They have brought prosperity to it but clogged its streets with cars.

"Everybody likes to get bigger but the problem with many villages is that they have too many buildings," says Eddie Kocher, head of the tourist office. "You have to walk for 20 minutes to see a green field.

"That must not happen here. We have 3,000 beds, the same number as we had ten years ago, and we like that. We do not want to get bigger. People come to Altenmarkt and say: 'This is a village. It has a family atmosphere.' This must not change. Our job over the next 20 years is to improve on, not spoil, the success of the past 20 years."

John Hopkins

TRAVEL

Putting flesh on the bones of old Berlin

***Susan Moore** on a capital with a split personality, and the pleasures of Potsdam*

THE WALL is still there. Stretches of battered, brightly-graffitoed masonry now seem to be protected by coiling wire and weeds to show posterity how one side of the street used to be divided from the other, while all around road builders attempt to turn reunified Berlin into a working reality.

From the vantage point of the line of the Wall, there does not seem a great deal of difference between what was west and what was east, since downtown Berlin had hitched up her skirts and rushed westwards towards the Ku'dam and left its perimeter to go to seed.

A few blocks either way, however, and the contrast is striking. Crossing the invisible no-man's land is like going through a looking glass. Beyond, the visible world is in time-warp, a grand but not so old European capital crumbling but as yet undespoiled. No doubt the late 20th century will soon catch up with it. In Berlin and Potsdam, I felt like a vulture picking on the old bones of the Prussian eagle before it returned to life.

Unter den Linden, as if by magnetic force, draws sightseers first up one side and then down the other, from the Brandenburg gate and the Tiergarten to the Lustgarten. Taxi ranks at either end account for the fact that the surrounding streets are deserted.

Can any other boulevard boast such a sequence of ponderous, grandiose, neo-classical and baroque public buildings? To the north: the state library, Humboldt university, Schinkel's new guardhouse – behind whose Greek temple portico burns the flame for the Unknown Soldier – and the monoliths of the museum island, dominated by Schinkel's long, low Altes museum. Inside the Pergamon museum you find not only the gargantuan late altar of Zeus and Athene but, even more fantastically, the azure-tiled processional way and Ishtar gate of Nebuchadnezzar's ancient Babylon.

To the south lies Langhan's Altes palais and the old library, and Knobelsdorff's charming opera house. The gothic rather than neo-classical church behind is by Schinkel, again, and now houses his museum-cum-shrine. The buildings are grimy, the streets cobbled, the shops still untempting. Perfect small baroque town palaces are in tatters: the Neue museum starkly rises, battered and boarded up.

There is the Grand Hotel (recently taken into new ownership) for those who want to explore the drama of this urban ghost town of the old East – the Adlon, like the Royal palace, has long since gone. The favoured grand hotel of the old West is the Kempinski on the Ku'damm, the street a blaze of light and life that illustrates what Unter den Linden has been spared. Here, it seems , no one goes to bed. After a relaxed, authentically inauthentic dinner at the Paris Bar, one might stroll into Fofi's on Fasanenstrasse, the new artistic and literary – '90s-smart rather than bohemian – strip. At 2am the atmosphere changes, and there is a sense that the evening is just beginning.

The energy of Berlin picks one up and sends one hurtling through a weekend. Street Berlin is as fast and funny as Glaswegian. A rather drunk young man stumbled into what had been a third-class carriage on the S-Bahn with slatted wooden seats: "I always travel ply-wood class," he claimed loftily.

Berlin is surprisingly green, dauntingly large and widely dispersed. There is far too much to see in one weekend

Berlin is surprisingly green, dauntingly large and widely dispersed. There is far too much to see in one weekend. The decisions to be made are tough: Komische oper, Deutsches theater or the exquisite Schauspielhaus? Whether to go to the Bode or the new picture gallery in the suburb of Dahlem (the latter, an extraordinary concentration of European masterpieces, wins hands down). Should one pay homage to the celebrated Nefertiti in the Egyptian museum or cross town to genuflect at the Pergamon altar?

On the banks of the Spree is Walter Gropius's Bauhaus archiv. Upstream is the Japonisme of Mies van der Rohe's New National Gallery, part of an outcrop of new museums in which the applied arts museum must rank as the most hideous in Germany. Does one go to the Prussian Baroque Schloss Charlottenberg, with its French garden sprinkled with delightful pavilions, its Caspar David Friedrichs and oriental and European porcelain? Or to Potsdam?

Once again, the latter won hands down. But avoid the motorway. The picturesque Koenigs-allee, which takes one through the smartest suburbs of Berlin, is fringed with forests and glistening lakes. We went on a Saturday, the last glorious day of an Indian summer. It seemed that everyone else had the same idea. After crossing the Glienicker bridge, we seemed to become part of a fleet of black BMWs filled with curious Wessies, inching our way through the shabby cobbled streets.

Potsdam is an architectural fantasy. Its town centre is Italianate, its perimeter gothic revival. At its historical heart is an 18th century Dutch quarter. A 19th century Russian military village lies to the north. Merchants houses imitate the banqueting house in Whitehall; the pumping station is an Islamic mosque complete with minaret and dome. On Telegraph hill, in 1920-21, Erich Mendelsohn built the town's most idiosyncratic monument, the Einstein tower.

Parks and palaces (of which there are seven) are at the heart of this summer seat of the Hohenzollerns. Sanssoucci – in name at least – spawned a progeny of suburban Edwardian villas. The original is a miracle of 18th century escapism. Frederick the Great had it built to his own design (with the help of Knobelsdorff) as a "source of relaxation, and domestic life, for the enjoyment of nature and the Muses". It stretches like a long, low, ochre limb across the top of its hill surrounded by vineyards and larch groves. From the top one descends gently to a circular fountain via seven curved terraces planted with vines and fig trees.

Swags of creeping stucco vines trail along the Kleine Galerie that was once lined with *fêtes galantes* by Watteau, Lancret and Pater. In the glossy yellow Voltairezimmer (in which the great man never stayed) monkeys are surrounded by bunches of grapes, melons, plums and cherries. Gilt musical instruments and masks cascade down the walls of the exquisite rococo circular library and white-and-gold music room. Even the caryatids that line the garden façade of this far-from-artless rustic retreat seem unusually spirited.

To the north, through an elegant colonnade, views stretch towards the picturesque classical ruins. To the south lies Frederick himself, only recently reunited as he wished with his beloved whippets. His grand, separate picture gallery, which looks more like an orangerie than the orangerie, offers a rare glimpse of a typical 18th century picture collection. Original masterpieces by Rubens and Van Dyck, and Caravaggio's powerful *Doubting Thomas*, who is poking an inquiring finger into Christ's wound, happily rest toe to tip with minor works.

Sanssoucci's pleasure gardens are half restored, a combination of patchy grass and municipal flowers beds out of character with the austere hedges and statuary. Most delightfully fanciful of all its follies is the 18th century Chinese tea house. This rotunda is flanked by life-size gilt Chinamen with European faces eating and playing music under vast golden palms, its cupola tipped by a gilt mandarin under a parasol. Here tea was taken surrounded by the life-size and fantastically costly porcelain animals modelled by Kändler at Meissen.

Frederick's Sanssoucci is all playful conceit, innocence and delight, its scale intimate, its charm enchanting. In shocking contrast, the vast Neue Palais he built in the 1760s to celebrate his escape from defeat by the Russians is all swagger and chill great rooms. One redeeming feature, apart from the first-rate furniture and textiles, is the hall-cum-grotto which, apart from the usual sea shells, glitters with reef gold and encrustations of minerals, semi-precious stones and fossils.

We left the steamy warmth and mounds of whipped cream of the 18th century panelled tearoom to pick our way out through the park in the dark. This, it seems, is the only time that the park at Sanssoucci is deserted. Here, during the Potsdam conference of 1945, the Allies had divided up Berlin.

Statues in east Berlin: much of the city seems in a time-warp

Skiing/**Arnold Wilson**

Sedate – but so scenic

THERE are certain parts of the *Engadine* that look, smell and feel so utterly and permanently Swiss that you feel they must have been like that when the Romans were still wandering the valleys. Take Pontresina, where you suspect that nothing much has happened since the Bernina electric railway from St Moritz arrived in 1904. Sedate. That is the word. And with its narrow main street hemmed-in by historic buildings with turrets, spires and painted facades, Pontresina is also inordinately pretty.

On one of those perfect, cloudless blue days in the mountains, with snow blanketing the countryside and muffling all sounds, you do not even need to spend money on a lift pass to enjoy a blissful day. Pontresina is famous for its superb cross-country skiing: there are 60 km of trails in the resort and 90 nearby. Indeed, the village is so pre-occupied with cross-country that Club Med makes a point in its brochure of stating: "As we specialise particularly in cross-country in this village, there is a small supplement for skiers wishing to practise downhill skiing."

But Pontresina also has some of the best and most scenic downhill slopes in the region, which it shares with St Moritz. Piz Lagalb has some really testing runs, including a magnificent and very long semi-off-piste black run which can be a dream in fresh powder or a severe challenge after the formation of giant moguls. There are exquisite views from the Diovalezza glacier, as well as excellent long runs for intermediates; some notable off-piste terrain back to the bottom of the cable car; and a breathtaking but technically simple descent down the glacier to Morteratsch.

Although only three miles from St Moritz, Pontresina – set snugly, and perhaps a touch smugly, in a picturesque and sheltered valley – is just far enough away to preserve an aloof distance from its illustrious neighbour. "Many traditionalists return annually to the great comfort and considerable charm of Pontresina hotels, and appreciate being at a distance from the glitter and hubbub of St Moritz," reports the *Good Skiing Guide*. The *Volvo Ski Guide* makes the same point but adds that there is plenty of nightlife, nevertheless.

Indeed, Club Med prides itself on providing most of the activities you might require, in-house. Each of the club's 22 ski villages – mainly in France and Switzerland – has its own ski and boot hire shops as well as boutiques selling ski-wear, plus fully-qualified instructors.

In Pontresina, Club Med operates the Schloss and Park hotels, which are in the heart of the cross-country area and linked by a bridge with the village. There are three restaurants and a disco and Club Med's *gentil organisateurs* provide and organise live entertainment every night.

My first reactions to Club Med's attempts to entertain me some years ago, in Senegal, were uneasy, especially when asked to join in the nightly sing-song with hand signals. But the fault was mine. Either you resist and look miserably foolish or you join in cheerfully and still look foolish – but happy. You don't have to attend the entertainment at all, of course. Indeed, this year Club Med has a new policy of making sure no-one feels under pressure to do anything they do not want to.

■ Arnold Wilson was a guest of Club Med (106-110 Brompton Road, London SW3; reservations, tel: 071-581-1161). Prices for a week, including flight and all meals, are from £540 to £745; for a fortnight, £940-£1,297.

LONDON PROPERTY

COUNTRY PROPERTY

LONDON PROPERTY

PROPERTY

Sold – the broken dreams of a market under the hammer

Christopher Price joins the crowds hoping to pick up a cut-price repossessed home at a property auction in London

THE LANTERN-JAWED assistant auctioneer holds the telephone receiver tightly to his chest. "She's got the money for the arrears," he tells the young man standing opposite.

Paul Milner, the legal representative overseeing the forced sale of the caller's repossessed property, inspects his notes. "No," he replies, and records the event in a notebook while the woman is informed of the curt response. "It's a ruse," he says. "At this stage they'll try anything. She has had ample time in which to settle, and we have tried everything to get her to pay."

The high drama being played behind the auctioneer's rostrum goes unnoticed by the 1,000 buyers packed into a west London hotel to bid for the catalogue of properties, many of them the result of bad debts and repossessions.

"The proportion of the auction market taken up by repossessions has grown markedly in the last year," says Robin Cripp, deputy chairman of Barnard Marcus and chief auctioneer for the two-day sale. "In the last six months they have been arriving in bulk."

As repossessions have risen so, too, has consumer interest in auctions. The attendance at last month's sale was more than double the usual size. More than 9,000 catalogues were requested, an increase of 3,500 on last time.

Unprecedented demand has forced General Accident Properties to close its books for an auction later this month. "There is only so much one can sell in a day," says Maureen Freeman, business and development director for GA Properties. "The response has been quite outstanding. Auctions are showing the first signs of a tentative revival in the general market."

Even so, Freeman believes that the fundamental problem of oversupply (caused chiefly by repossessions) will continue to be a drag on any recovery. "Although some official statistics were indicating about 80,000 repossessions in 1991, the real figure was far higher, probably in the order of 110,000," she says. "This year it will probably go as high as 150,000 as unemployment compounds problems with arrears."

Some banks and building societies – Alliance & Leicester, Citibank, Bradford & Bingley – have introduced low-start mortgages in an attempt to move repossessed stock off their books. Bradford and Bingley says that since October it has had 33,000 enquiries about its 6.99 per cent low-start mortgage offer, resulting in half of its 2,000 repossessed homes being re-sold.

In response to government concern, building societies have also extended the negotiation process on repossessions, leading to a fall in repossessions in January. However, many people in the industry believe this is only a short-term effect of the building societies' new stance.

Michael Minahan, manager of the Bradford & Bingley building society branch in Sutton, Surrey, says: "Since the new year, we have stopped action on a lot of our repossessions. I am due to visit some of our customers on whom we would normally be seeking repossession orders, to discuss their arrears."

But Freeman believes: "The softer line being taken at the moment by some building societies will just feed through to the repossession figures for the spring."

A report by stockbrokers UBS Phillips & Drew warns of "a tidal wave" of 500,000 vacant properties by the end of 1992. A fifth of that total will be caused by a fresh bout of repossessions.

A flood of empty property – albeit through the worst of circumstances – would seem to be excellent news for the professional auction buyer. But the rise has been more than matched by an influx of private buyers into the auction market. This has irked the developers.

"The owner occupiers tend to kill it for the dealer," Robin Cripp agrees. "They obviously do not need to re-sell the properties, so can bid a higher price than the dealers. Some of them are not too happy about it, I know."

Sohail Sarbuland, a young property developer hoping to add to his company's portfolio of rented accommodation, complains: "Owner occupiers are pushing prices up for very low-grade houses. They can bid at a level which is pitched right at our profit margin."

Sarbuland was interested in eight houses and expected to buy three. One property he intended to bid for was a freehold three-floor terraced house in West Kensington, London. He reckoned on a top bid of £100,000, spending a further £20,000 on improvements, with a year's let followed by a sale at around £180,000. "The money we make has got to pay for the interest while we're sitting on the property," he explains.

Bidding started at £90,000, but soon overtook Sohail Sarbuland's reserve. The house eventually sold for £120,000 – to a private buyer.

Purchasers must pay a 10 per cent deposit on the day of sale, and the balance within 28 days. Auction catalogues are available a month in advance so prospective buyers can inspect properties. Vendors often hold viewing days prior to auction.

Michael King, an Essex developer, was another unhappy businessman. "There were over 100 people at one view I went to – they were queueing all the way round the block. I took one look, and turned my car around and left."

He had, he admits, broken one of his own golden rules of looking at a property in an area off his regular patch. "The best buys are outside London – where fewer people will be bothered to go and view the property."

By the time the auction starts, latecomers are struggling to get through the doors. Nearly everyone carries a bulky catalogue, and is greeted by a large sheaf of papers detailing withdrawals, errors, misprints and qualifications. The removal of a whole selection of British Rail properties – subject of a freehold dispute with the local council – causes a ripple of disappointment.

People struggle to hold on to their coffee cups – courtesy of the auctioneers – as the crowd increases in size. In between intense study of the catalogue, men in suits eye men in leather coats. Young couples jostle for space with turbaned businessmen and a sprinkling of Hasidic Jews. Nearly everyone, it seems, carries a portable phone.

At the front of the glitzy ballroom a couple of hundred chairs and their occupants soon become lost from view. To the sides, screens allow private access to the cramped area behind the auction rostrum, where a dozen Barnard Marcus employees wait to process the sales. Here, also, regular customers are allowed to stand to avoid the crush at the back of the hall.

In another room a taping system records the proceedings for legal protection. Off to the left the auctioneers have prepared a reception room for their most fêted guests.

The auction starts apace, the auctioneer quickly whittling buyers down to the two or three serious contenders per sale. On either side of him stand half a dozen clean-cut male assistants who help to spot bidders and, when the hammer comes down, collect the successful buyer from the crowd.

The properties are largely drawn from the south-east, principally from the London area. The reserve price is set by the vendor, who will pay Barnard Marcus a 2 per cent commission if the property is sold.

Most properties make their reserves easily. A four-bedroomed house in Walthamstow, east London, fetches £38,000 (reserve £25,000); a three-bed semi in Selston, Nottinghamshire, makes £38,000 (£22,000); a three-bed house in Brixton, south London, sells for £60,000 (£55,000).

Matthew Collier, a 32-year-old export order clerk from Harlesden, north London, has come to bid for a three-floor terraced house in nearby Crouch End. "This house would probably cost me £120,000 at an estate agent," he says. "I've been to see it, and although it needs a bit of work on it, if I get it for under £100,000, I'll be happy." (A smiling Collier leaves £99,000 lighter.)

High bidders steer well clear of a two-bed terrace in Balham, south London, which has only a three-year lease. Despite Cripp's most persuasive tones, it sells for only £24,000. Two terraced houses in the same street in Hetton-Le-Hole, Tyne and Wear, meet different fates: one sells for £6,000, the other is withdrawn by its owner at £7,700.

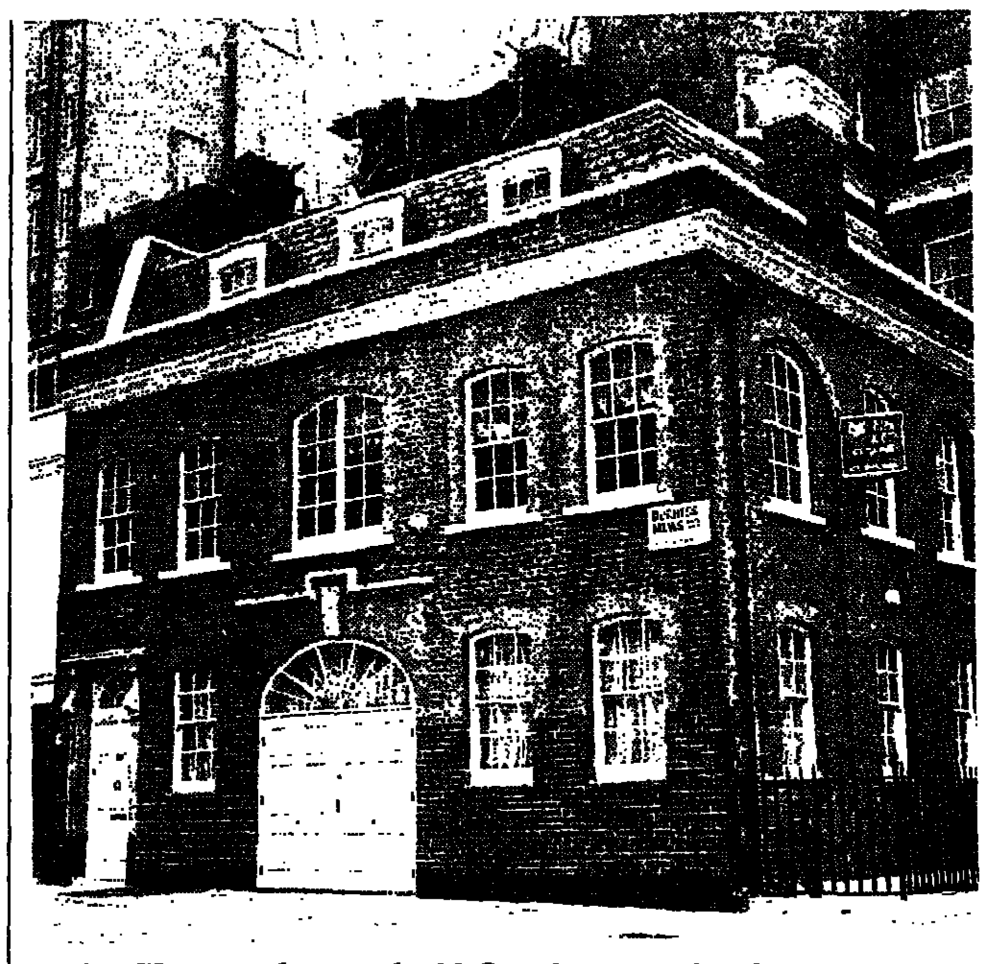
As well as residential properties, there are also investment opportunities of varying attractiveness. A four-floor terraced house on London's prestigious King's Road is withdrawn after failing to reach its reserve price of £140,000, chiefly because the property – which is split into three flats – contains two long-term tenants with registered rents of just £26 and £21 a week.

Over the two days, 80 per cent of the properties reach their reserve and are sold – well above the normal level of sales. On the second day, some of a large number of Halifax Building Society properties even sell *above* their open market rate.

Overall, the auction realises £9.2m: 50 per cent above last year's average auction sale. But this is still far short of the £20m per auction in 1988.

A somewhat hoarse Cripp says that the rise in auction sales could mark the beginning of the end of the housing slump. "If we carry on with this rate of enthusiasm, I think we will see prices levelling this year and rising in 1993."

Solicitor Paul Milner's effort to realise a sale for his client comes to nought. The house fails to meet the £59,000 reserve set by the court; the case has now been re-referred for a fresh valuation. A week after the event, a frustrated Milner complains: "And we still haven't received any money from her."



A Portland life in miniature

A NEWLY re-marketed property in repossession offers car fanatics the opportunity of a marble-floored double garage, plus home, just off Portland Place, London W1.

The vast houses on Portland Place itself were too large for all but the grandest of families, even from the time they were built. Fortunately, they provided impressive homes for the country's war heroes in the years after 1778, when Robert and James Adam started laying out the street.

The military bias long out-lasted those early generals and admirals who had won "a nation's gratitude" – and often substantial state pensions – for their efforts in the continental wars. Even at the beginning of this century Field Marshall Lord Roberts could have gathered a quorum of the Army General Staff to his Portland Place house by sending a runner.

These days any such call would show how the road has become institutionalised. Embassies and institutes now fill the street-front houses, leaving only the mews properties for the individual buyer.

Duchess Mews, which takes its name from Margaret Harley, Duchess of Portland at the time of the development, is one among the jumble of surviving back streets that rarely fail to surprise visitors to London. Because no one got around to redevelop the backs of the grand houses, London is fortunate in having thousands of these freehold or near freehold houses in the heart of areas with otherwise severely restricted leaseholds.

Aron Nakar, of Ellis & Co's Regent's Park office (071-723-8955) explains that the 951-year leasehold on the mews house he is marketing in Duchess Place reflects an overlap of basement areas with a neighbouring building. "The only reason that it is not freehold is that space."

The Grade II-listed, three bedroom, three bathroom house, pictured above, has been on offer for more than a year. As new agents, Ellis & Co has agreed a price cut with the mortgagee and Aron Nakar reports bargaining interest around the asking price of £400,000. The large floorspaces that come with these former stable buildings give a big drawing/dining room and scope, downstairs, for a 12-jet whirlpool bath.

The off-beat opportunity for an owner's cars to escape central London's yellow lines and rest instead on marble comes with the current snooker room – exile the table (keeping the news from what certainly would be a horror-struck interior designer) and you would have room for two to three cars.

John Brennan

The Queen: in defence of the realm

THE ARTICLE headlined "The tourist in her own country," by David Cannadine, which appeared on the front page of the Weekend FT *on February 8, provoked a strong reaction from our readers. The debate continues here with a selection of letters from those who disagreed with his views on the Queen and the monarchy.*

Several readers questioned his credentials for writing the article. Cannadine, who is professor of history at Columbia University, New York, is in fact an Englishman. He is author of The Decline and Fall of the British Aristocracy *and is writing a book on the constitutional monarchy.*

■ ■ ■

From Mr S.L. Mayer

Sir, David Cannadine has been living in the US too long. Never since the latter days of Victoria has a monarch been so popular as the present one. While it is perfectly true that her extended family may get up to occasional tricks which neither her people nor Her Majesty approve, it is also fair to say that members of the Royal family have had a bad press in the past and now have a very good one, and rightly so, because of continued dedication, hard work and service to their country such as that given by the Princess Royal.

During World War II, Stalin enquired how many divisions the Pope had. Less than 50 years later, the state over which Stalin ruled has disappeared. But the papacy lives on, having played a rather important moral and ethical role in the Soviet Union's and the eastern bloc's demise.

The Queen and the institution of the monarchy have this role in the English-language world; one of moral suasion and example shown by Her Majesty as well as many of her family, of devotion to duty, dedication to human and British values in a world which is not necessarily dedicated to any values at all.

Since these values are shared by the entire Anglophone world, and admired by many who are not part of it, the Queen, as head of the Commonwealth, is the living symbol of all that is good which has gone before and which endures still; among these values are freedom of speech and press, freedom of assembly, freedom of thought, democratic institutions and human values based on Christian ideals.

These thoughts are universal and transcend both place and time. The Queen and the monarchy represent them all. In an ever-changing world, the people of the world and the people of Britain revere both those ideals and the sovereign lady who best and most loyally represents them.

This does not mean that the institution of monarchy cannot or should not change. It may well be that the taxation issue will be altered, as it was in 1936; that the Royal family, now more extended than ever, may be pared down from public subsidy. But the Queen is probably the best-informed person in the kingdom and is certainly the longest high-ranking public servant, having now spent 40 years in the highest office. Far from being out of touch with her people, she is in constant touch with them and the peoples of the Commonwealth.

Britain has an influence in the world, even today, which far exceeds its industrial power or population figures. It has this influence largely because of its monarchy and its Queen. I would imagine that 50 years from now, when the armies of Nato are confined to history as much as the power of the Warsaw Pact is now, and when other empires and great powers have waxed and waned, the institution of the British monarchy will remain, exercising its considerable moral influence over both Britain and the English-speaking peoples.

Sydney L. Mayer,
Connecticut, US

From Mr A.C. Teljer

Sir, The article by David Cannadine examining the Queen's role might be fashionable in certain circles and possibly well-intended as an appraisal. It is, nevertheless, to a large extent misguided.

If the "old," out-of-date imperial monarchy flourished from the time of Victoria's Golden Jubilee until the present Queen's accession, what of the profoundly majestic and noble kinship shown by the Queen's late father during the Second World War, and her parents' obvious involvement in their nation's sufferings? Kindred spirits, indeed – not lofty imperialists!

The simple point Mr Cannadine has missed and failed to acknowledge is that the monarch, preferably a compassionate and indulgent one – which the Queen certainly is, however outmodish or "limited in her social vision" he deems her – is there not only to reflect a nation's principles and role in the world, and to be involved in active and creative patronage.

She is also to be uniquely there in showing her subjects, whether they be naturally British or of other races from other shores, that nearness of the state is available to all in her presence; not as a tourist in her own country (a ridiculous notion), but as an official of destiny within a dynasty undiluted by common dimensions by co-operating for the nation's good. Perhaps patriarchy or matriarchy in itself may prove outmoded, or even undesirable in modern technological society – reverence of one kind or another never will.

Professor Cannadine may dislike the monarchy, or royalty in general. I believe he will always be in a small minority and that this particular band of blue bloods will always be indispensable to certain societies for a very long time into the next millennium. He asks: "What is to be put in its place?" I say, nothing. Better the "sycophantic mythology of imperial ornamentality" than the shallow conventionality of republican vapidity.

A.C. Teljer,
The Netherlands

From Mr Charles Spink

Sir, Who is David Cannadine that you should not only give him the front page of the *Weekend FT*, but support him with such insulting caricatures? It is typical of the British press that probably no other country would print such disparaging rubbish about the monarchy and the British people.

Charles Spink,
Morpeth,
Northumberland

From Mrs A. Robeison

Sir, "The tourist in her own country" was in appallingly poor taste. The aspersions the author casts on the Queen's personality and achievements are inaccurate, unwarranted and especially disgraceful.

A. Robeison,
Shrewsbury

From Sir John Stokes MP

Sir, I am sure I am not alone among your readers in not taking too kindly to a lecture from a professor in an American university about the British monarchy.

There are so many misconceptions in the professor's article which show that he completely misunderstands how ordinary English people feel about the monarchy. He patronises the Queen for her undoubted virtues, but then says she "is conservative enough to regard most change for the worst," thus sharing the views of at least half her subjects. Does the Professor think that a Queen full of radical views would be more appropriate?

I dispute the professor's contention that our national identity has been weakened. It may have been so among the intelligentsia with whom probably he mixes, but not among people in pubs, factories etc, where patriotism still lies deep. Would a nation which is losing its way have undertaken and won the Falklands War with all the great risks involved? Or sent such incomparable forces to the Gulf War which earned the unstinted admiration from our American allies there?

As for "the old ways of doing things – ceremonial grandeur" – ordinary people love it. The ceremonies emphasise our long history and cohesion as a nation. Many continental countries would love to have a history such as ours and I am quite sure the British people will never agree to the bureaucrats of Brussels destroying our monarchy.

The professor says that the British monarchy has lost its way, but I fear it is the professor himself who has lost his way.

John Stokes,
House of Commons,
London SW1.

From Mr J.A. Philips

Sir, How nice it would be if the Queen were to grant an audience to Professor Cannadine. I'm sure that he would pretty soon find that, like Mr Heath, he was "expendable".

J.A. Philips,
Somerset

Pomp and glory: The Queen at the State opening of Parliament

As they say in Europe
A dog's life at Buck House

EVERY foreign correspondent in London has seen the BBC film that celebrated the 40th anniversary of the Queen's accession to the throne, *Elizabeth R*, or *Isabel R* as she is known in Spain.

Isabel, Felipe, Carlos and Ana are familiar figures there: *Spitting Image*, the coarse British satirical television programme, has a wide audience. Such are the realities of the New Europe. So Enric Gonzalez in *El Pais* was writing for a well-informed readership in his useful summary of the Queen's decades.

"Elizabeth has seen the disappearance of the Empire, the hard recovery of the 1950s, the cultural revolution of the '60s, the trade union torments of the '70s and the petty bourgeois Thatcherite insurrection of the '80s without altering her routine." The heart of this routine is tea. The Queen always takes tea with her corgis, "for whom she personally mixes meat and biscuits which the little animals eat on the red carpets of her private homes."

Corgis were fully researched for Bernhard Heimrich's account in the *Frankfurter Allgemeine Zeitung*. "Corgis are short-legged, bustling little dogs from Wales, which in the handbook are described as ideal for the farmyard, vigilant guardians and good comrades. The queen has six corgis, which she feeds with meat and biscuits every day at half past four."

Heimrich finds the British almost as interesting as the corgis. He says that a third of us dream about the Queen, and most of the dreams include drinking tea with the monarch – *sans* corgis. So we enter the British subconscious, and a dark place it proves to be:

"The second surprise [after the dreams] is that it is mainly nightly in the *Reich* of Elizabeth II. This has been recognised for some time but has not been fully accepted. On the Empire of her predecessor the sun never set. The four decades of Queen Elizabeth II encompass the British generation which has to abandon this dream and the Queen as a dream figure behind the walls of her palace in the middle of British reality, is there to help."

Le Monde's correspondent, Laurent Zecchini, emerges as a hitherto unimaginable entity – a French Barbara Pym. He too reports the dream of taking tea with the Queen. "In the collective unconscious of her people, the Queen keeps her place at the centre of a pile of useless little things, dusty but essential, which make Great Britain in the eyes of so many people the vestal priestess of the cult of memories . . ."

The elegiac theme then really takes hold: "Forty years, and always that certain smile – a little fixed, this great professionalism, this intangible etiquette, these prime ministers who succeed one another for the invariable tea and conversations of no importance."

The Italians care little for psychological speculation, and less for tea, or even corgis. They are interested in not paying income tax. So in *Il Sole-24 Ore*, Alessandro Merli, with his usual good taste, celebrated 40 glorious years of getting away with it. He reverently asked: "Is the Queen of England the UK's biggest tax evader?"

Merli noted that earlier monarchs had indeed paid income tax. He then ran through the figures on the Queen's wealth and income and concluded she could well afford to pay. But he has fears about the succession: her non-payment of tax "does not mean that Prince Charles, who likes to appear in the forefront of 'inner city' causes, will not start doing it again."

That will not satisfy the royalist Zecchini in *Le Monde*: "The Queen will have to find a recipe for a sort of neo-monarchy for the next century, an alchemy which will bring together modernity and tradition. In the next decade the Queen will celebrate her golden jubilee and her 75 years. Until then, without any doubt, 'God Save the Queen.'"

James Morgan

■ *James Morgan is economics correspondent of the BBC World Service.*

They are the staples of every wardrobe, the classics that last and last. But what's the secret of their success? ***Lucia van der Post*** *finds that...*

Basically, it's not as easy as it looks

FORGIVE ME for returning to the theme of basics so soon. A mere four weeks ago I was recommending to you the excellent qualities of Racing Green, a new mail order company purveying nothing but . . . yes, basics. The difficulty is one cannot avoid them – at the moment they seem to be everywhere.

For example, at a recent lunch at Marks & Spencer I was galvanised by the information that three simple items, the Brooks Brothers' blazer, the gilt-snaffled loafer and the five-pocket Western jean (see below) are responsible for £50m turnover a year. It may be the sequins and the lace, the corsets and the zips that grab the headlines, but clearly it is the basics that do the business.

Then there is the phenomenal success of The Gap clothing chain, which has made its fortune out of nothing but basics: very well-made, simply displayed, keenly priced (though in the UK they cost in pounds what they cost in dollars in the US and consequently seem rather less of a bargain). It arrived in the UK some four years and already has 35 branches. Richard Hyman of Verdict (the retailing consultancy) guestimates that it does some £40m a year.

You might think that anybody could do basics, that you hardly need involve a designer at all. Exactly the opposite is true. It requires a finer eye, a more scrupulous attention to detail and nuance to turn a basic into the sort of must-have commodity that sets the tills ringing. From the fabric to the stitching to the placing of the seams and the choice of buttons, every single detail contributes to the whole.

Take the classic white cotton shirt. You might feel that this would be the easiest thing in the world to find, and that when you did it should not cost more than, say, £40. You would be wrong. This week I have looked high and low – I have found delicious shirts, ravishing shirts, shirts well worth buying, but the only truly classic simple cotton shirt I could find in the shops came from Polo Ralph Lauren. It was perfect – but it cost £100.

Marks & Spencer itself admits that it has not yet come up with the perfect white cotton shirt. It has a ravishing classic shirt in heavy silk at an excellent price – £49.95 – and just this week I spotted a splendidly simple linen one at £35, but nowhere could I find *the* perfect plain white cotton one.

The rewards for getting the basics right are enormous. M&S, for example, has been selling jeans, in good numbers, for years, but it was not until it came up with the five-pocket Western jean at £19.99 that sales really took off. Word got out that here was the definitive jean with the fit, the proportions, the swanky air of a jean that usually costs double the price.

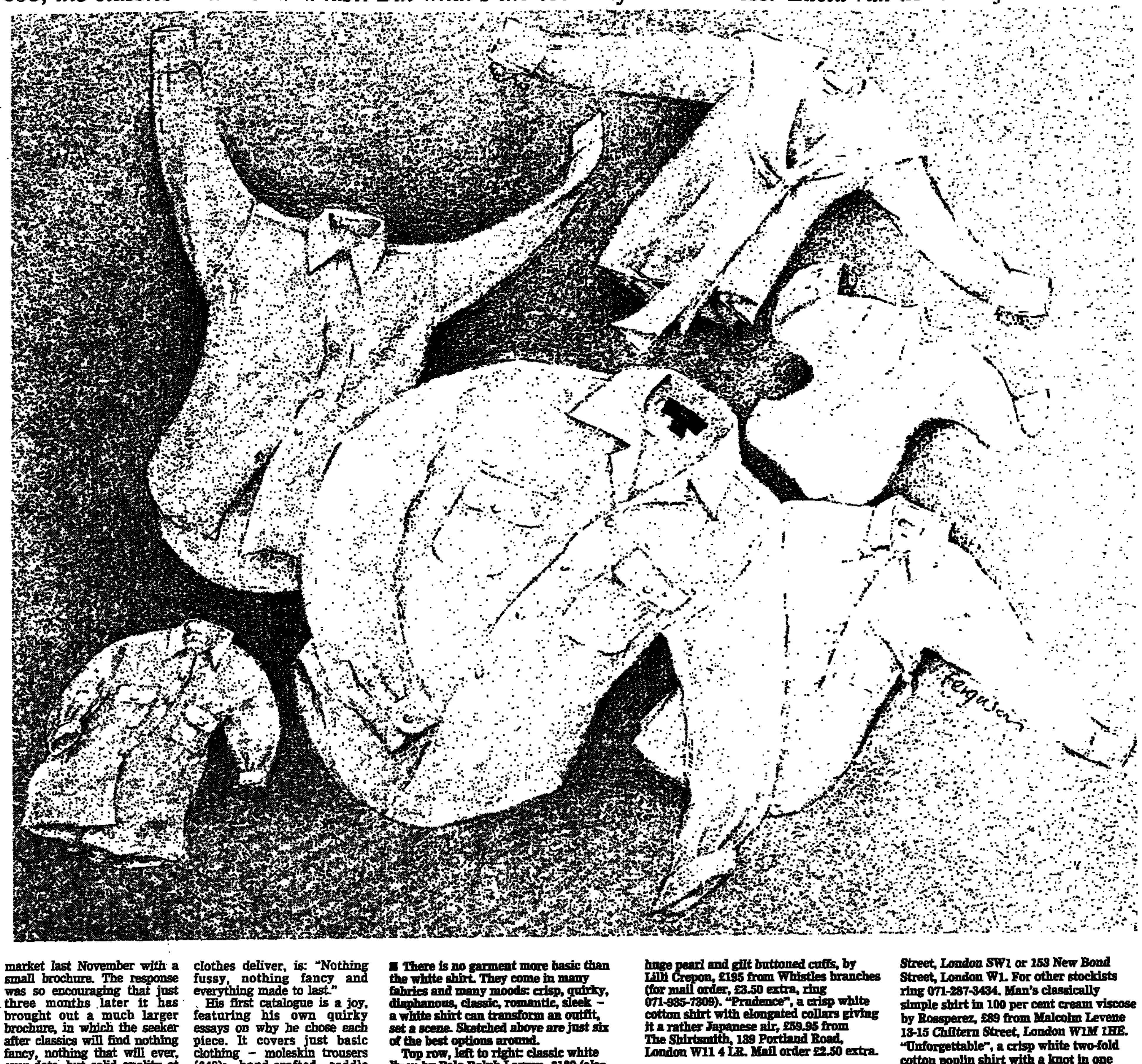
M&S did the same with the classic gilt-snaffled loafer – working at it until it had the softness, the comfort, the air of relaxed class that the customer looks for. They priced it at £29.95 and it has been a huge money-spinner ever since.

Ditto the blazer. The company had been selling a so-called classic navy blue version for years but to the discerning eye the fabric was too heavy, the shape too boxy, the buttons nothing special. But when M&S brought out the truly classic Brooks Brothers version last year the discerning shoppers' network really began to buzz.

The demand for the carefully-made, properly thought-out classic seems almost limitless. Lands' End, a US mail order company specialising in quintessential American classics – the Oxford shirt, stone-washed jeans, cowhide belts, flannel shirts, polo shirts, "sweats" – put its toe in the mail order market last November with a small brochure. The response was so encouraging that just three months later it has brought out a much larger brochure, in which the seeker after classics will find nothing fancy, nothing that will ever, ever date, but solid quality at fair (but not cheap) prices. For the catalogue ring 0800-220-106.

Johnny Boden is, by contrast, very, very British. An ex-investment banker who tired of the endless search for the elusive piece of no-hassle clothing, he decided to track them down, put them together and launch a mail order service. "I had always thought that if I felt like this then lots of other people must, too." What he wanted, and what his clothes deliver, is: "Nothing fussy, nothing fancy and everything made to last."

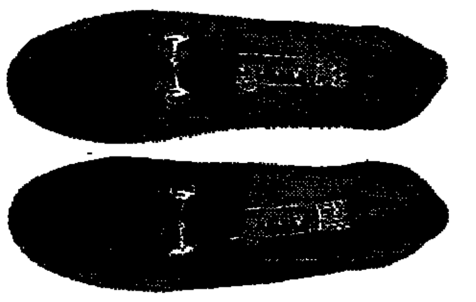
His first catalogue is a joy, featuring his own quirky essays on why he chose each piece. It covers just basic clothing – moleskin trousers (£48); hand-crafted saddle leather belts with strong solid brass or nickel buckles (amazing value at £18); heavy cotton twill button-down collar shirts (£35); Shetland wool sweaters (£39); silk ties (£23); corduroy trousers (£48); 100 per cent pure white cotton boxer shorts (£3 for £19); and, finally, the Boden bag (£90) to put them all in. The catalogue is available from Boden, 9 Forge Court, Reading Road, Yateley, Camberley, Surrey.



■ **There is no garment more basic than the white shirt. They come in many fabrics and many moods: crisp, quirky, diaphanous, classic, romantic, sleek – a white shirt can transform an outfit, set a scene. Sketched above are just six of the best options around.**

Top row, left to right: classic white linen by Polo Ralph Lauren, £120 (also in silk, £140), 143 New Bond Street, London W1. (post and packing £6). Silk organza with shawl collar and tie and huge pearl and gilt buttoned cuffs, by Lilli Crepon, £195 from Whistles branches (for mail order, £3.50 extra, ring 071-935-7309). "Prudence", a crisp white cotton shirt with elongated collars giving it a rather Japanese air, £59.95 from The Shirtsmith, 139 Portland Road, London W11 4 LR. Mail order £2.50 extra.

Bottom row, left to right: large puff-sleeved shirt in linen (£115) or silk organza (£315) by MaxMara, 32 Sloane Street, London SW1 or 153 New Bond Street, London W1. For other stockists ring 071-287-3434. Man's classically simple shirt in 100 per cent cream viscose by Rossperez, £89 from Malcolm Levene 13-15 Chiltern Street, London W1M 1HE. "Unforgettable", a crisp white two-fold cotton poplin shirt with a knot in one collar and the pocket, £70 from The Shirtsmith, 139 Portland Road, London W11 4LR.



■ **Take a look at the three basic items pictured left – a** ***blazer, a pair of jeans and*** **a pair of loafers. They may look unexciting, but the sums of money they generate is far from dull – they have in the last two years done £100m of business for Marks & Spencer in the UK alone.**

After knickers, socks and shoes these must be some of the most basic of all basics. There can hardly be a wardrobe in the land that does not have at least one of them, and most will probably have all three. They have become the ***staples of leisure dressing.*** **Every fashion editor worth her little gilt chair has written reams on how to take the jean, blazer and loafer and make them your own – how to dress jeans down with a white T-shirt, dress them up with a handkerchief, soft white cotton shirt and a Hermés scarf, and so on ad infinitum.**

The problem with these kind **of basics is that they often cost more than seems proper for their understated role. Here at last are three excellent versions at sensible prices, available in most M&S branches. The Brooks Brothers' blazer, nicest in navy but also available in black, red or beige, is £79.95. The five-pocket Western jean is £19.99.** ***Ladies' gilt-*****snaffled loafers, in black or cream leather and red or navy suede, are £29.95; mens are £39.95, in brown suede or black leather, and available only in Marble Arch, London.**

Bridal gowns, one careful owner . . .

IF ANYBODY in your family is about to become a bride, you may be in for something of a shock when the bills start rolling in. Joy Eagell and Sandra Rishover have had what seems like an idea whose time has come – they sell second-hand wedding dresses.

The dresses come from some of the best-known names in the business – Tatters (beloved of the upper-crest set), Louise Hamlin-Wright, Hollywood Dream, Beverley Summers and lots, lots more. Some have been specially-made for the bride by a dressmaker, others are couture, yet others have originally been bought off-the-peg. All have been beautifully dry-cleaned and are in excellent condition.

At any given moment they probably have some 60 different dresses to choose from and they sell at roughly half what they would have cost originally. Prices start at £250 and go on up to £2,500. The bride gets roughly a third of the original prices, the new buyer pays roughly half. "Yesterday's Dress for Tomorrow's Bride" is their motto and it seems like a very useful service.

There is a nice, relaxed showroom at 73, Fairfax Road, London NW6 4EE, where either Joy or Sandra will see prospective brides by appointment only. Tel: 071-372-4748.

■ With the opening of the trout fishing season approaching a box of beautiful artificial flies, I am reliably told, is exactly the sort of present that fisher folk would be more than pleased to receive.

Hawkes and Black is an old-established fly tying firm and has put together some 40 different patterns in a (re-usable) black plastic box. All are for fishing for trout and sea trout, and all have been devised in consultation with the relevant experts.

There are different flies for each fishing region – the Welsh Trout Fly Collection, the Welsh Sewin Fly Collection, the North Country Spider Collection, the Scottish Trout Collection and the Welsh Border Collection. Each fly box comes complete with a sleeve with lots of appropriate information on it.

Each box costs £15.99 (including postage) and can be bought direct from Hawkes and Black (tel: 0363-83655), from Greys of Alnwick, Northumberland, (tel: 0665-510020) or from any Greys of Alnwick stockist.

■ These days keeping a house filled with fresh flowers can cost up to hundreds of pounds a week, so it is not surprising that many people have taken to mixing fresh flowers with artificial ones. But this needs to be done carefully – the difference between the best and the worst of the artificial ones is huge.

Oasis, at 194-196 Walton Street, London SW3 (tel: 071-584-9519) has some of the best artificial ones I have seen and its latest line, imitation dried flowers, is really lovely. Made in silk, they crackle and look faded, just like the real ones. There are small rosebuds (£1.50) and roses (£3.40) as well as flowers such as hydrangeas (£4.20) and peonies (£3.90). The initial outlay may seem large but they wash and wash and next year they will still look as good.

L v d P

Rugby Football/John Hopkins

They're lean and mean

DOWN THE years there have been good England rugby teams and less good ones. England's team in the current Five Nations' Championship is the best ever. They proved that in the second half against Scotland and throughout the memorable game against Ireland in which they scored six tries. Their performance at Twickenham two weeks ago was remarkable because Ireland won 50 per cent of the possession and had the put-in at 15 of the game's 21 scrums. The mind boggles at what England might have done with more possession.

If Will Carling's team beat France in Paris this afternoon, as they should, and go on and win the Grand Slam, as they should, they will have proved themselves the best European team in the international championships for at least 30 years.

How they have done this is instructive. They have based their methods on those of a successful club. A squad system was introduced and a team manager, Geoff Cooke, appointed. Cooke has brought stability and consistency to team selection. They were not always present before.

Cooke has also introduced mental training techniques. When he gave tapes for mental rehearsal to Paul Rendall and Jeff Probyn, England's props, he received a dusty answer. He did not give up however. Prior to the Irish game he asked every player to write down six reasons why they wanted to play for England and six reasons that motivated them to their best performances. Even a seemingly simple exercise such as this had a benefit: it helped the players concentrate their minds on the task in hand.

The most significant reason for England's surge forward is their dedication to fitness. England's players are fitter than ever and whether or not they bring home the bacon in the form of the grand slam this season, this achievement can not be taken away from them. They are 25 per cent fitter than Wales's, believes Alan Davies, Wales's coach, and much fitter than Ireland's, too.

England tried to improve their fitness as long ago as the mid-1970s. It did not work then any more than did the practice of having the selectors in track suits on the pitch at training sessions, not to mention Larry Lamb, the referee, Don Rutherford, a doctor and a physiotherapist and one or two other well-minded but misguided England camp followers.

"I was told I had to run six miles in 48 minutes and be able to do ten 150 yard sprints each in 18 seconds," recalls one England international of that vintage. "What use was that to me? It would not increase my speed over 30 yards and that was what I needed, explosive speed not stamina. Anyway the senior players put an end to it. We were supposed to be tested at Aldershot and only the scrum-halves and a couple of other backs turned up. The senior players all refused."

In 1986, McNab returned to work with the England squad and his principles are now followed. A number of England players recently achieved oxygen uptake figures measuring the capacity of the heart and lungs that would have been respectable for highly-trained athletes. Although their weight and body size have increased, body fat has diminished, in some cases to proportions almost as low as marathon runners. England's rugby players are not just mean, they're lean, too.

Rugby throws up famous players in groups of two or three: Mesnel and Sella currently representing France, for example; Price, Windsor and Faulkner, the Pontypool Front Row, for Wales in the 1970s; Marques and Currie, the England locks of nearly 40 years ago.

A considerable part of England's current success is due to the centre partnership of Carling and Guscott. Concentrate on one and the other is away. They are fast in attack and strong in defence and two better centres have not played together for England.

They are the heart of a potent three-quarter line. As other countries have found to their cost, concentrate on Guscott and Carling and England wings Halliday and Underwood, will go on a spree and, if they do not then Webb will, as he did two weeks ago. As he surveyed the wreckage of his Irish team at Twickenham Ciaran Fitzgerald observed: "England's back division had everything you could ask for – speed,teamwork and strength. They had a great ability to penetrate, not with one single player but in numbers."

There have been two mould-breaking British teams in the past 21 years. The first was the 1971 British Lions, the first Lions to win a series in New Zealand, and the second was the 1974 British Lions, who went unbeaten through a Test series in South Africa. This current England team should be regarded as mould breakers, too.

Captain Carling: a rare pause for breath

America's Cup/Keith Wheatley

Fastest boats cost the most

AMERICA'S racing yachtsmen have a saying: "Nothing goes to windward like dollars". Even to a Limey landlubber the implication is obvious. Fast boats cost money, and the fastest boats cost the most.

Dennis Conner is currently having that cynical axiom branded into him by billionaire America's Cup rival Bill Koch. The trials to select a Cup defender entered round two last Saturday and Conner is being out-spent and out-sailed.

Two weeks ago Koch, skipper and paymaster of the America3 team, took delivery of his third yacht. Christened simply America she is proving unstoppably fast – even in a relatively untuned "out-of-the-box" state. In her first encounter with Conner's steed Star & Stripes the new yacht's winning margin was a huge 6m 23 secs.

"We're ecstatic because this is probably the slowest she'll ever sail," said Koch, an engaging white-haired energy tycoon who trained as a scientist at MIT. "She sailed for only eight hours before the race and we are still learning the little tricks of what she likes."

In the second race between the two boats, America won by 6 min. Conner won the start by a five second margin, indicating that Koch's crew were so confident of superior speed over the 20-mile course that a tiny advantage on the line was barely worth the battle. After the first beat America was 2m 38s in front and never missed a beat thereafter.

Conner, beaten only once in four America's Cups going back to 1980, has made major modifications to Stars & Stripes in the two weeks since the first round robin ended. She now has a forward canard fin, possibly steerable, as part of a two-element keel and has had her rudder moved forward.

It sounds like a dog's dinner grafted on a hull designed over 18 months ago, making it virtually prehistoric in terms of the new International America's Cup Class. First time out it proved virtually impossible to control, as Conner admitted with uncharacteristic candour.

"Either the boat doesn't steer the way I would like it to or I haven't learnt to operate it yet," said the portly, introspective sailor. While Koch has a virtually bottomless private war-chest, Conner has had to go out and raise corporate sponsorship for every dollar he spends on his yacht.

His target budget for the whole campaign was a mean and lean $15m, but insiders say that Stars & Stripes will not even reach that figure. It means that a new boat is out of the question, while Koch has a fourth yacht under construction and due in San Diego during April.

The format for the defender selection process means that the top-scoring two yachts, out of three currently racing, go into a best-of-seven final in two months time. Unfortunately for Dennis Conner two of the competing boats are part of the America3 effort.

"You're never out of this until you lose four races in April," says Conner confidently. However, if his position becomes genuinely desperate he could pull out beforehand, saving on everything from crew wages to hours on the huge supercomputers used in the design process.

Ironically for a man whose 200-strong team has put together the best IACC boats to date, Koch is unstintingly critical of the new class. In public or private he seldom deviates from his attack on their design and cost.

"The boats are fragile and very expensive – one boat costs $5m. If the wind gets above 17 knots something is bound to break and someone could get physically badly hurt," says Koch.

"I think these boats are bad for the America's Cup because they are following the same route to oblivion that the J-boats did." This 130-ft class was last seen in the 1930s and never reappeared after the war, because of their high cost.

On the other hand, as his former skipper Gary Jobson pointed out, "Bill Koch's the one setting the pace when it comes to spending money."

Motoring/Stuart Marshall

Estates make the running

SOME buyers of large estate cars can be quite image-conscious. Before deciding upon make or model, they ask themselves: would I care to be seen in this car at Badminton, or even my local point-to-point? Many then turn instinctively to Mercedes-Benz or Volvo. But there are more choices around today than for some years.

I have been driving some of the latest large estates that transport permutations of people, lots of luggage or bulky items with ease, comfort and style. Among them are the Audi 100, Citröen XM and Vauxhall Carlton turbo-diesel.

The Audi 100 estate, no longer called the Avant, has lost its steeply-sloped tail. This made it look nice and sleek and kept the rear window clean on a wet motorway but was no help at all when you wanted to carry an awkward piece of furniture. So Lovejoy, BBC-TV's rascally antique dealer, would never have had an Avant.

I am not sure he would want an Audi 100 estate, either. The floor to roof height is a meagre 30 inches (76 cm) although there is an enormous secret compartment under the carpet. But he would approve of the Vauxhall Carlton; a 3 ft (91 cm) single bed slides into it with space to spare. The capacious Citröen XM has self-levelling, hydro-pneumatic suspension. One-up, it rides as softly as a car. Fully laden – and it will take almost two-thirds of a ton – it maintains the same height and stance and rides just as comfortably. If Lovejoy went into marble statuary, this would be his car.

Citröen XM estates cost from £17,225 for a two-litre with manual gears to £26,750 for a three-litre V6 automatic. A manual-only 2.1-litre turbo-diesel is £20,640. Although in no way quirky, they are unmistakably Citröens even if they share most of their mechanical bits and pieces (suspension excepted) with Peugeot's bland but civilised 605 saloon.

Audi lists the 100 2.8E V6 automatic estate at £25,386. It is a sportier drive than the Citröen although this will mean more to the business motorist driving it solo during the week than when his family has piled aboard at the weekend.

Both Audi and Citröen are lovely motorway cruisers although the Audi has too much tyre rumble. The Citröen's semi-active suspension keeps it upright on bends; for crossing rough meadows or driving down rutted tracks, it can instantly be hitched-up an inch or two to stop it running aground.

Although Vauxhall's Carlton estate has been around for some years, a £16,585, 2.3-litre, 100 horsepower, turbo-charged and inter-cooled diesel version is new for 1992. It is an impressive car. Build quality is excellent, it rides well with a remarkable lack of road noise, and is massively roomy inside. It has a silky, five-speed manual transmission and a light clutch.

Anti-lock brakes are standard and the seats are so comfortable that it is hard to believe it is really a Vauxhall-badged, German-made Opel. After a slightly throbby start-up, the engine smooths out. For a turbo-diesel, it pulls exceptionally strongly at low speeds, yet spins freely up to higher revolutions in the gears.

Two other slightly smaller but, for their size, roomy estates to have come my way recently were the Subaru Legacy 2.0 GL, powered by a two-litre flat-four with multi-point fuel injection, and a Fiat Tempra turbo-diesel. The Subaru, with permanent four-wheel drive, has to be rated a best buy at £14,449 for people who really must have exceptional traction. The five-speed gearbox has a high range for road use and a low range for off-roading or re-starting on a steep hill with a heavy trailer. It has gentle good manners and a distinctive, although not wearying, engine note.

Fiat's Tempra and the Subaru have raised roofs so people in the back seats have ample head-room. Parents – and grandparents – will approve of the Tempra's rear doors. They open to 90 degrees, which makes putting young children into their safety seats so much easier.

At low speeds, there is no mistaking the Fiat for anything but a diesel but the 1.9-litre engine quietens and has plenty of punch once the turbo is forcing air into the cylinders at 1,500 rpm and over. The electronic instrument panel includes that useful aid to fuel economy, a bar-graph boost gauge. The Tempra TDS estate costs £13,781 with power steering; ABS brakes are an optional extra.

TELEVISION

SATURDAY

BBC1

7.00 Open University. 7.25 News. 7.30 Crystal Tipps and Alistair. 7.35 Wiz Bang. 7.45 The Jetsons. 8.05 Eggs 'n' Baker. 8.35 Thundercats. 9.00 Going Live! 10.27 Weather.

10.30 Grandstand introduced by Steve Rider. 10.35 Bobsleigh: Two-man bobsleigh from La Plagne. 11.10 Women's Downhill Skiing from Meribel. 11.50 Bobsleigh. 12.00 Cricket from Christchurch: New Zealand v England. 12.35 Racing from Chepstow: The 12.40 Allbright Bitter Novices Handicap Chase. 12.50 Rugby Union/Football Preview: Look ahead to the weekend's action. 1.00 News. 1.05 Racing from Chepstow: The 1.10 Persian War Premier Novices Hurdle. 1.20 Football/Rugby Union Preview. 1.35 Racing from Chepstow: The 1.40 Rising Stars Chase. 1.50 Rugby Union: From Paris, France v England. Plus, from Lansdowne Road: Ireland v Scotland. 4.35 Final Score. Times may vary.

5.10 News.

5.20 Regional News and Sport.

5.25 Stay Tooned!

5.50 Big Break. Snooker stars Dean Reynolds, Dene O'Kane and Gary Wilkinson test their skill against the clock on behalf of contestants. Hosted by Jim Davidson.

6.20 Noel's House Party.

7.10 The Paul Daniels Magic Show.

7.55 Moon and Son. Gladys helps solve the riddle of a dead girl found on the wrong side of the Channel in the boot of a Euro-MP's car. Starring Millicent Martin and John Michie.

8.50 News and Sport; Weather.

9.10 That's Life! The search continues for a new singing star, with soul singer Daniel Washington making his debut as a solo artist. Plus, the usual mixture of features and consumer concerns with Esther and the team.

9.50 Winter Olympics '92 and The Road to Wembley. Highlights from the FA Cup fifth round, introduced by Desmond Lynam. Plus, highlights from the 16th Winter Olympics in Albertville, featuring the men's figure skating free programme and the women's downhill skiing.

12.00 Film: Pursuit. An extremist threatens a city with mass destruction by using a deadly nerve gas. Thriller, starring Ben Gazzara (TVM 1972).

1.10 Weather.

1.15 Close.

BBC2

6.40 Open University.

3.00 Mahabharat. (English subtitles).

3.40 Film: Secret Agent. A war hero and famous novelist turns espionage agent to locate and terminate an enemy spy in Switzerland. Spy thriller, starring John Gielgud, Madeleine Carroll, Robert Young and Peter Lorre. (1936).

5.05 Late Again. Highlights from the week's Late Shows.

5.50 The Survivor's Guide to the NHS Debate. Jonathan Dimbleby cuts through the confusing terminology and political arguments to present an easy-to-understand guide to the health service reforms. Is the Government creating a two-tier service as a way of eventually privatising the NHS?

6.35 News and Sport; Weather.

6.50 Young Musician of the Year. New series. Humphrey Burton introduces the first of two programmes featuring Mozart recitals by finalists and winners from the previous seven competitions. Including the Oboe Quartet, and the Piano Quartet in G minor.

7.40 Fine Cut: Last Images of War. True and harrowing story of four international journalists who were killed trying to expose the futility of the Afghanistan war. Ben Kingsley narrates.

9.00 Moving Pictures. Featuring Lawrence (Body Heat) Kasdan discussing his new film, Grand Canyon. Plus, profiles of Serbian film-maker Dusan Makavejev, and Charles Bennett, writer of Hitchcock's 1929 film Blackmail, and still writing in the 1990s.

9.50 Film: Silverado. Four reluctant heroes are drawn together on a dusty trail to challenge the danger, corruption and violence in the town of Silverado. A Lawrence Kasdan western, starring Kevin Kline and Kevin Costner with Scott Glenn and John Cleese (1985).

11.55 Film: Night of the Demon. An American psychologist is sceptical about the mysterious death of an occultist doctor — until he finds his own life in danger. Dana Andrews and Peggy Cummins star with Maurice Denham and Athene Seyler (1957).

1.35 Close.

LWT

6.00 TV Am. 9.25 Motormouth. 11.30 The ITV Chart Show. 12.30 pm Child of Achievement Awards.

1.00 ITN News; Weather.

1.05 LWT News; Weather.

1.10 Saint and Greavsie. Ian and Jimmy look ahead to the coming week's sporting action, including the European Football Championships, with England v France at Wembley; the FA Cup fifth round ties; and the fourth round of the Scottish Cup.

1.55 The Day.

2.00 Guernsey Offshore Powerboats '91. Highlights of one of Europe's biggest powerboating events.

3.00 Film: Hector's Bunyip. A loving family are threatened by a property developer, but find unlikely assistance from their youngest member and his unusual friend. Starring Robert Coleby and Barbara Stephens (1986).

4.45 Results Service.

5.00 ITN News; Weather.

5.05 LWT News; Weather.

5.15 10 Sharp! Pop band 2 Unlimited preview Capital FM's Valentine Disco. Film reviews include Father of the Bride, starring Steve Martin. Plus, a masterclass with drummer Carly Massado at the Commonwealth Institute.

5.25 Baywatch.

6.20 Barrymore.

7.05 Stars in Their Eyes Special. Leslie Crowther presents highlights of the first two series, featuring look-alike stars John Lennon, Shirley Bassey, Mick Hucknall and Englebert Humperdinck.

7.50 Film: Three Men and a Baby. Three bachelors find their lives turned upside down when they discover a baby girl on their doorstep. Tom Selleck, Ted Danson and Steve Guttenberg star.

9.45 ITN News; Weather.

10.00 LWT Weather.

10.05 Aspel and Company. Guests include actress Vanessa Redgrave, radio and television personality Danny Baker, and singer Mick Hucknall, who will be peforming with Simply Red.

10.50 Tour of Duty.

11.45 Get Stuffed; ITN News Headlines.

11.50 Guns 'n' Roses.

12.25 WCW Pro Wrestling.

1.20 Get Stuffed.

1.25 New Music; ITN News Headlines.

2.25 Bhangra Beat.

2.55 Coach.

3.25 American College Football 1991.

4.20 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 9.30 Listening Eye. 10.00 The Big 8. 10.30 Film: Tonight We Raid Calais. 11.45 Ball of Wool. 12.00 Get Smart. 12.30 pm The Beverly Hillbillies.

1.00 Film: The Red Badge of Courage. A young man called up during the American Civil War gets his first taste of fighting. Audie Murphy stars (1951).

2.15 Racing from Newcastle. Introduced by Brough Scott. Including 2.30 Newcastle Building Society Nova Plus Novices' Chase, 3.00 Newcastle Building Society Handicap Hurdle, 3.35 Tote Eider Handicap Chase, 4.10 Newcastle Brown Ale Top of the North Novices' Hurdle, and the 4.40 Newcastle Building Society Handicap Chase.

5.05 Brookside.

6.30 Right to Reply. Viewers' reactions to Channel 4's Priests of Passion and to Dispatches, which discovered evidence that the main drug prescribed to help people with Aids may in fact be causing more harm than good.

7.00 A Week in Politics. A look at the new EC budget in Strasbourg — will Britain have to give back its rebate? And how political parties are planning to get votes from young mothers.

8.00 TV Heaven: Introduction. A nostalgic evening of TV shows from 1963, with Frank Muir.

8.05 This Week. The origins of the 'new' satire movement. With a 23-year-old Peter Cook, Jonathan Miller, Michael Frayn, William Rushton and John Bird.

8.55 The Lover. Harold Pinter drama about a married couple. Starring Vivien Merchant and Alan Badel.

10.05 The Avengers. Unseen for over 25 years, this episode stars Patrick Macnee as John Steed and Honor Blackman as Cathy Gale.

11.15 Court TV: America on Trial. New series. In the first programme, a former Marine charged with manslaughter claims the cause is Post Traumatic Stress Disorder. Plus, a discussion on the case for allowing TV cameras into British courts.

12.45 Film: The Prisoner of Shark Island. True story about Samuel Mudd, the doctor who treated President Lincoln's assassin after the famous murder, and who was subsequently sent to prison for life. Warner Baxter stars. (1936).

2.30 The Word.

3.25 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.30 The Munsters Today. 1.05 Anglia News. 1.55 The A-Team. 2.50 Cartoon Time. 3.05 Carry On Nurse (1959) 5.05 Anglia News. 5.15 Cartoon Time. 10.50 Up the Junction.

BORDER: 12.30 Munsters Today. 1.05 Border News. 1.55 My Secret Identity. 2.25 Out of Limits. 2.40 Hannibal. 4.35 Cartoon. 5.05 Border News. 5.15 Cartoon. 10.50 Men. 11.45 Killing Machine.

CENTRAL: 12.30 The Munsters Today. 1.05 Central News 1.55 Great Planes. 2.55 Queen of the Road. 5.05 Central News 5.15 Central Sports Special — Goals Extra. 10.50 The Naked Runner. (1967)

CHANNEL: 12.30 Superman. 1.05 Diary Dates. 1.55 McCloud: Million Dollar Round Up. (1973) 3.40 The A-Team. 4.35 Porky Pig. 5.05 Channel News. 5.10 Puffin's Pla(i)ce. 5.15 Porky Pig.

GRAMPIAN: 12.30 Dinosaurs. 1.05 Grampian Headlines 1.55 Abairt 2.15 Crann Tara. 2.45 Superstars of Wrestling. 3.45 Champions of Grampian. 4.45 Scotsport Results. 5.05 Grampian Headlines 5.10 Criomagan. 5.15 Cuirm Cloinne. 10.50 Matlock. 11.45 Killing Machine. (1986)

GRANADA: 12.30 Superman. 1.05 Granada News 1.55 The Spectacular World of Guinness Records. 2.20 Rock Sport. 2.40 Hannibal (1960) 4.35 Cartoon. 5.05 Granada News 5.10 Granada Goals Extra. 10.50 Men. 11.45 Killing Machine. (1986)

HTV: 12.30 Superman. 1.05 HTV News. 1.55 Soccer in the Seventies. 2.25 Ski Tips. 2.55 Sea Fury. (1958) 5.05 HTV News and Sport

SCOTTISH: 12.30 NB. 1.05 Scotland Today. 1.55 The Life and Times of Grizzly Adams. 2.50 Cartoon Time. 3.05 The True Story of Jesse James. (1958) 4.45 Scotsport Results. 5.05 Scotland Today 5.15 Cartoon Time. 10.00 Scottish Weather. 10.50 Brubaker. (1980)

TSW: 12.30 The South West Week. 1.05 TSW News. 1.55 Peppino. 2.25 Cartoon Time. 2.30 The Spectacular World of Guinness Records. 3.00 Hector's Bunyip. 5.05 TSW News. 5.10 Gus Honeybun's Cartoon Time. 10.00 TSW Weather. 10.50 Men. 11.45 Killing Machine. (1986)

TVS: 12.30 Superman. 1.05 TVS News. 1.55 McCloud (1973) 3.40 The A-Team. 4.35 Porky Pig. 5.05 TVS News. 5.15 Porky Pig.

TYNE TEES: 12.30 My Secret Identity. 12.55 Mr Magoo. 1.05 Regional News. 1.55 Out of Limits. 2.10 The Spectacular World of Guinness Records. 2.40 Hannibal. 4.35 Cartoon. 4.45 Results Service. 5.05 Northern Life Sport Special. 5.15 Cartoon Time. 10.50 Men. 11.45 Killing Machine.

ULSTER: 12.30 Blockbusters. 1.05 Ulster Newstime 1.55 Superstars of Wrestling. 2.50 Samson and the Mighty Challenge. (1965) 5.10 Ulster News and Sport 5.15 Cartoon Time. 10.00 Ulster Newstime 10.50 Men. 11.45 Killing Machine. (1986)

YORKSHIRE: 12.30 My Secret Identity. 1.05 Calendar News. 1.55 The A-Team. 2.50 Cartoon Time. 2.55 Sherlock Holmes in New York. (TVM) 5.05 Calendar News. 5.15 Cartoon Time. 10.50 Loose Cannon. 11.45 Twins of Evil (1971).

SUNDAY

BBC1

8.45 Open University. 8.50 Interval. 8.55 News. 9.00 Getting Through. 9.15 This is the Day. 9.45 Winter Olympics '92.

12.00 See Hear!

12.30 Country File.

12.55 Weather for Farmers.

1.00 News; On the Record. Norman Tebbit with Jonathan Dimbleby.

2.00 EastEnders.

3.00 Match of the Day. Desmond Lynam introduces live FA Cup fifth round action, and the quarter-final draw from the FA headquarters at Lancaster Gate.

5.05 The Clothes Show. Naturalist David Bellamy has a complete style refit, and The Clothes Show goes on a photographic assignment with Lisa Stansfield. Plus, how difficult is it for young disabled people to shop and dress?

5.30 Antiques Roadshow. Hugh Scully and the army of experts fly down to the Fleet Air Arm Museum at Yeovilton, Somerset, where they find a rich variety of treasures. Included are a gold and amber smoker's set, and a carved Art Nouveau mermaid. Plus, another Radio Times/Antiques Roadshow competition.

6.15 Play It Safe! What can parents and drivers do to make roads safer?

6.25 News.

6.40 Songs of Praise.

7.15 'Allo 'Allo!

7.45 Lovejoy. Eric starts a vintage motorbike business. Lovejoy is asked to authenticate some Chinese pottery for an eminent surgeon. Ian McShane stars.

8.35 As Time Goes By.

9.05 One Foot in the Grave.

9.40 News and Weather.

9.55 Mastermind.

10.25 Everyman. Members of an Australian convent reflect on how their lives have changed over the years. Using archive film material, they recall the days when they had to wear habits over their swimming costumes, and had to have their heads shaved. They talk about life, and kicking the 'habit' inside the convent walls.

11.15 Winter Olympics '92. Helen Rollason introduces coverage of the ice dancing competition. Plus, a round-up of the day's action in the men's super-G; ski-jumping; ice hockey; and the two-man bobsleigh.

12.30 Mahabharat. (English subtitles).

1.10 Weather.

1.15 Close.

BBC2

6.30 Open University. 9.00 Winter Olympic Grandstand. 9.45 Town Portraits. 9.55 Open University.

12.00 Winter Olympic Grandstand. The conclusion of the men's super-G, and the men's K120 ski-jumping.

3.00 Film: A Distant Trumpet. The new commander of a cavalry outpost prepares his unit for an imminent Indian war. Western, starring Troy Donahue (1964).

4.50 Animation Now.

5.00 Rugby Special. Introduced by Chris Rea. Highlights of France v England, and Ireland v Scotland.

6.00 Winter Olympics Today.

6.35 The Money Programme investigating air de-regulation and will it lead to lower fares? Also, interview with Sir Colin Marshall, chief executive of British Airways, on the possible merger of BA with KLM and North West Airlines.

7.15 The Natural World. The North York Moors National Park celebrates its 40th anniversary this year. Freddie Trueman traces the history, and looks forward to the future, of this famous landscape.

8.05 Goodbye Comrades. Seven years ago the BBC's award-winning series Comrades filmed citizens living in the Soviet Union. Sergei played jazz in Leningrad, Krista was a fashion designer, and Slava was a renowned eye surgeon. Now the cameras return to find out how the events of the past few years have changed them?

8.55 Trying Times.

9.25 Did You See? Guests are novelist David Lodge, Helena Kennedy QC and comedian Simon Fanshawe. The programmes under discussion are Screen Two: The Lost Language of Cranes, Taggart and Channel 4's new comedy Evening Shade, which stars Burt Reynolds.

10.00 Screen Two: The Object of Beauty. An American couple staying in London find their relationship upset by the loss of a small bronze statue. Starring John Malkovich and Andie MacDowell.

11.40 Film: One From the Heart. Romantic musical based on the tempestuous relationship between a couple who split up in Las Vegas and search for new love. Starring Teri Garr and Raul Julia (1982).

1.30 Close.

LWT

6.00 TV-am. 9.25 Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 Encounter. 12.30 pm LWT News Weekend, including interview with Neil Kinnock; LWT Weather.

1.00 ITN News; Weather.

1.10 Walden. His guest is Labour deputy leader Roy Hattersley; The Day.

2.00 Sharp's Funday.

2.55 Dinosaurs.

3.25 Film: The Assisi Underground. During World War Two, Assisi monasteries hide Jewish refugees from Nazi invaders. Ben Cross and James Mason star (1985).

5.30 Bullseye.

6.00 Hannah Hauxwell — Innocent Abroad. New series. First of a six-part documentary on the daughter of the Dales who became an overnight celebrity. The series charts her travels around Europe, beginning in Paris.

6.30 ITN News; Weather.

6.35 LWT News; Weather.

6.40 Appeal on behalf of ASBAH, the Association for Spina Bifida and Hydrocephalus.

6.45 Highway. Sir Harry Secombe meets John and Norma Major in Huntingdon, Cambridgeshire.

7.15 You've Been Framed!

7.45 The Darling Buds of May. A birthday present leads Mariette and Charley to the missing Pieter. Has Primrose finally found the way to Rev Candy's heart?

8.45 Maigret. When safe-cracker Sad Freddie stumbles on a dead body, it puts him off his job — and Maigret onto the case.

9.45 ITN News; Weather.

10.00 LWT Weather.

10.05 Old Boy Network. New comedy series by Dick Clement and Ian La Frenais. Starring Tom Conti and John Standing.

10.35 The South Bank Show. Since 1985, the Pet Shop Boys have enjoyed repeated chart success. The chart-topping duo, Neil Tennant and Chris Lowe, discuss their passion for pop, and the roots of their distinctive dance records. With Melvyn Bragg.

11.35 Hooked! How drugs have influenced society, literature and music throughout the ages.

12.05 Cue the Music.

1.15 The ITV Chart Show.

2.10 Film: Wacko (1981).

3.50 Pick of the Week.

4.20 Adventure.

5.00 Soap.

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 Dispatches. 10.45 Dennis. 11.00 D'Art. 11.30 Flipper. 12.00 Little House on the Prairie.

1.00 Voyage to the Bottom of the Sea.

2.00 Opera on 4: Jenufa. The Glyndebourne Festival production of Janacek's opera, telling the heart-rending tale of a woman horrifically disfigured by her lover's half-brother. The opera is directed by Nikolaus Lenhoff, and stars Roberta Alexander as Jenufa.(English subtitles).

4.10 From Flores.

4.25 Valued Opinion. The house of Linley Sambourne, the celebrated Victorian Punch cartoonist.

4.55 News Summary.

5.00 Scottish Eye reports on the thousands of former shipyard workers in Glasgow who are at risk from an inoperable form of cancer due to their years of contact with asbestos — and highlights the legal hurdle that prevents the families of many of the victims gaining compensation.

5.30 Star Chamber. New series. Roy Hattersley MP, answers questions put to him by a computer with a female voice.

6.00 Teenage Health Freak.

6.30 The Wonder Years.

7.00 Fragile Earth. Investigating the price being paid by Britain's fishing industry as a result of Government directives on seal culling, and the pressures exerted by a conservation-conscious public.

8.00 Whicker's World — Down Under.

8.30 On the Edge: Improvisation in Music. How does improvisation liberate the working musician? Renowned percussionist Max Roach teaches Harlem children how to improvise in jazz, while Butch Morris invents 'conduction', an improvised form of conducting.

9.30 Burning Books including Tony Banks MP and Peter Clarke on The End of History and the Last Man, an essay by Francis Fukuyama on the end of communism and the triumph of capitalism.

10.00 Film: I'm All Right Jack. Peter Sellers stars, with Ian Carmichael and Irene Handl. (1959).

12.00 Film: Sonatine. An exploration of female adolescent suicide. With Pascale Bussieres and Marcia Pilote. Shown as part of the World Cinema season (1982).

1.40 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.25 Goals Galore. 12.50 Anglia News. 2.00 Child of Achievement Awards. 2.55 A Place in the Sun. 3.25 The Assisi Underground. 6.35 Anglia News. 10.00 Regional Weather.

BORDER: 12.30 Gardening Time. 12.55 Border News. 2.00 Child of Achievement Awards. 3.30 Beau Brummel. (1954) 5.30 Scotsport. 6.35 Border News.

CENTRAL: 12.30 Gardening Time. 12.55 Central News 2.00 Child of Achievement Awards. 3.00 The Assisi Underground. (1985) 5.00 Bullseye. 5.30 Hannah Hauxwell — Innocent Abroad. 6.00 Dinosaurs. 6.35 Central News 10.00 Local Weather.

CHANNEL: 12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 2.00 Child of Achievement Awards. 6.35 Channel News.

GRAMPIAN: 10.45 Peppino. 11.15 Elkon. 11.45 Link. 12.30 My Secret Identity. 12.55 Grampian Headlines. 2.00 The Silk Road. 3.00 Child of Achievement Awards. 4.00 Animal Country. 4.30 Bullseye. 5.00 Scotsport. 6.35 Grampian Headlines 10.00 Grampian Weather.

GRANADA: 12.25 Close to the Edge. 12.55 Granada News 2.00 Hannah Hauxwell — Innocent Abroad. 2.30 Just for the Record. 3.00 Bullseye. 3.30 Cartoon. 3.40 The A-Team. 4.35 Child of Achievement Awards. 5.30 Coronation Street. 6.35 Granada News

HTV: 12.30 Farming Wales. 12.55 HTV News. 2.00 HTV Newsweek. 2.30 Child of Achievement Awards. 6.35 HTV News.

HTV Wales as HTV except: 2.00 Wales on Sunday.

SCOTTISH: 10.45 Glen Michael's Cartoon Cavalcade. 11.30 Let's Rejoice. 12.30 Elkon. 12.55 Scotland Today. 2.00 Coming of Age. 2.30 Land of the Pharaohs. (1955) 4.30 Bullseye. 5.00 Scotsport. 6.35 Scotland Today 10.00 Scottish Weather.

TSW: 12.30 TSW Farming Week. 12.55 TSW News. 2.00 Children's Island. 2.30 Off the Hook. 3.00 Child of Achievement Awards. 4.00 A Hole Lot of Trouble. 4.30 Platform 25. 6.35 TSW News. 10.00 TSW Weather.

TVS: 12.30 TVS News. 12.33 Agenda. 12.58 TVS Weather. 2.00 Child of Achievement Awards. 6.35 TVS News.

TYNE TEES: 12.25 The Best of British. 12.55 Regional News. 2.00 Child of Achievement Awards. 3.00 The Back Page. 3.25 The Assisi Underground. (1985) 6.35 Regional News.

ULSTER: 12.30 Gardening Time. 12.55 Ulster News 2.00 Hannah Hauxwell — Innocent Abroad. 2.30 Farming Ulster. 3.00 Bullseye. 3.30 Matlock. 4.30 Child of Achievement Awards. 5.30 Coronation Street. 6.35 Ulster Newstime 10.00 Ulster Newstime

YORKSHIRE: 12.25 Goals on Sunday. 12.50 Calendar News. 2.00 Child of Achievement Awards. 3.00 Incredible Stunts and Jumps. 5.30 Hannah Hauxwell — Innocent Abroad. 6.00 Bullseye. 6.35 Calendar News. 10.00 Local Weather. 11.35 Scrumdown.

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Gyles Brandreth. 1.00 Comedy Hour: The Navy Lark. 1.30 I'm Sorry I Haven't a Clue. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 Bob Sinfield. 5.00 Cinema 2. 5.30 Music by Miklos Rozsa. 6.00 Things are Swinging! 7.00 On the Air. 7.30 Classics of Opera. 9.30 Easy Does It. 10.00 The Arts Programme. 12.05 Billy Eckstine. 12.35 Night Ride. 3.00 A Little Night Music. 4.00 Barbara Sturgeon.

BBC RADIO 3
6.55 Weather and News Headlines.
7.00 Morning Concert.
8.30 News.
8.35 Ulster Orchestra.
9.30 Saturday Review.
12.55 Words.
1.00 News.
1.05 Boris Berman.
2.10 Rafael Kubelik.
4.10 Tuning Up.
5.00 Jazz Record Requests.
5.45 Third Opinion.
6.30 Haydn.
7.00 Königskinder.
10.20 Howarth Monologues.
10.30 Transatlantic Reflections.
11.45 JS Bach.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News.
6.10 Farming Week.
6.50 Prayer for the Day.
6.55 Weather.
7.00 Today.
8.58 Weather.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 News; Loose Ends.
11.00 News; The Week in Westminster.
11.30 From Our Own Correspondent.
12.00 Money Box.
12.25 Just a Minute!
12.55 Weather.
1.00 News.
1.10 Any Questions?
1.55 Shipping Forecast.
2.00 News; Any Answers?
2.30 Saturday Playhouse: Ratking.
4.00 News; Age to Age.
4.30 Science Now.
5.00 Second to None.
5.25 A View from the Floor.
5.50 Shipping Forecast.
5.55 Weather.
6.00 News; Sports Round-Up.
6.25 Week Ending.
6.50 Ad Lib.
7.20 Kaleidoscope.
7.50 Classic Serial: Buddenbrooks.
8.50 On the Ropes.
9.20 Music in Mind.
9.50 Ten to Ten.
9.59 Weather.
10.00 News.
10.15 My Funny Valentine.
10.45 Travels with Mrs T.
11.00 Richard Baker Compares Notes.
11.30 The Nick Revell Show.
12.00 News.
12.20 Weather: Interlude.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 Newsdesk.
6.30 Morning Edition.
9.00 On Your Marks.
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
5.00 Sports Report.
6.00 News.
6.06 Six-O-Six.
7.30 Le Top.
9.00 Airopop Worldwide.
10.00 Olympic Report.
10.15 On the Level.
12.00 News and Sport.
12.10 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; News About Britain. 6.15 The World Today. 6.30 Londres Matin. 7.00 Newsdesk. 7.30 People and Politics. 8.00 News; Words of Faith. 8.15 A Jolly Good Show. 9.00 News; Business Report; Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now And Then. 10.15 Letter From America. 10.30 Waveguide. 10.40 Book Choice. 10.45 From The Weeklies. 11.00 Newsdesk. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 News; News About Britain. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld. 3.00 News; Sportsworld continued. 4.00 News; News about Britain. 4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News Summary; Sportsworld: Final results. 5.30 Londres Soir. 6.14 BBC English. 6.28 News Summary. 6.30 Heute Aktuell. 7.00 German Features. 7.54 News in German. 8.00 News; Book Choice. 8.15 Londres Derniere. 8.30 Europe This Weekend. 9.00 Newshour. 10.00 News. 10.15 Meridian. 10.45 Sports Roundup. 11.00 News; Words of Faith; Book Choice. 11.15 A Jolly Good Show. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary. 1.01 Play Of The Week: The Black Prince. 2.00 Newsdesk. 2.30 A Modern Midas. 3.00 News; Words Of Faith. 3.15 Sports Roundup. 3.30 From Our Own Correspondent. 3.50 Write On. 4.00 News. 4.30 Business Review; Travel.

SUNDAY

BBC RADIO 2
7.00 Don MacLean. 9.05 John Sachs. 12.00 Vintage Years. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Palm Court Time. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half-Hour. 9.00 Alan Keith. 10.00 Arts Programme. 12.05 Gyles Brandreth. 1.00 Night Ride. 3.00 A Little Night Music. 4.00 Steve Madden.

BBC RADIO 3
7.00 Morning Concert.
8.30 News.
8.35 A Land with Music.
9.15 The Juilliard Quartet.
10.15 Music Weekly.
11.00 From the Proms 1991.
12.50 Replay.
1.05 News.
1.10 Your Concert Choice.
2.35 Lute Songs.
3.35 Poet of the Month.
3.45 BBC Welsh Symphony Orchestra.
5.00 Listening to Stockhausen.
6.00 For Love is as Strong as Death.
7.00 Erich Korngold.
7.30 Sunday Play: Macbeth.
9.40 In Time of War.
11.15 Joachim Piano Trio.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News.
6.10 Prelude.
6.30 News; Morning Has Broken.
6.55 Weather.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.50 The Week's Good Cause.
8.55 Weather.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
12.55 Weather.
1.00 The World This Weekend.
1.55 Shipping Forecast.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
3.30 The Radio Programme.
4.00 Analysis.
4.47 Golden Oldies.
5.00 News; Down Your Way.
5.40 First Person.
5.50 Shipping Forecast.
5.55 Weather.
6.00 News.
6.15 Feedback.
6.30 Present Voices, Past Words.
7.00 Desert War.
7.30 Bookshelf.
8.00 The Radio 4 Debates.
9.00 The Natural History Programme.
9.30 Special Assignment.
9.59 Weather.
10.00 News.
10.15 Northern Lights Festival.
11.00 In Committee.
11.30 Seeds of Faith.
12.00 News and Weather.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 Newsdesk.
6.30 Meridian Reports.
7.00 News and 24 Hours.
7.30 Sunday Edition.
9.00 Johnnie Walker with the AM Alternative.
10.30 Education Matters.
11.00 News and Sport; Learn to Earn.
11.30 A Century Remembered.
12.00 News and Olympic Report.
12.05 Ring a Winner.
12.55 Football Extra.
5.15 Bob Hatton Rattle.
6.00 Sports Bulletin.
6.05 Mission Investigates.
6.30 The Railway Children.
7.00 Sports Bulletin.
7.10 Open University.
10.00 Olympic Report.
10.15 Across the Line.
12.00 News and Sport.
12.10 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
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3.15 International Recital. 4.00 News; News About Britain. 4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News and Business Review. 5.15 Club 648. 5.30 Londres Soir. 6.14 BBC English. 6.28 News Summary; News in German. 6.40 German Features.

7.54 News in German. 8.00 News and Business Review. 8.15 Londres Derniere. 8.30 Europe Tonight. 9.00 Newshour. 10.00 News. 10.15 Meridian.

10.45 Sports Roundup. 11.00 News; Business Review. 11.15 Replace A Disc. 11.30 Japan And The West. 12.00 Newsdesk. 12.30 In Praise of God. 1.00 News Summary. 1.01 Classic Concerts. 1.45 Mastersingers. 2.00 Newsdesk.

2.30 Composer of the Month: Benjamin Britten. 3.00 News; Words of Faith. 3.15 Sports Roundup. 3.30 Anything Goes. 4.00 News. 4.30 The Week Ahead; Travel.

CHESS

JOHN Nunn and Jonathan Mestel, the UK's grandmaster problemists, had the race to themselves in the annual British Solving Championship final at the Stafford Hotel, London. Nunn scored 29½, Mestel 29, and the title was settled only when Mestel missed a sideline in one of the hardest tests.

More than 3,000 newspaper and magazine readers entered the contest sponsored by East-West Consultants, which advises on trade with Russia and eastern Europe from its Connaught Street offices near Hyde Park. The firm's head, Michael Ormandy, finds many of his contacts in the East are keen players.

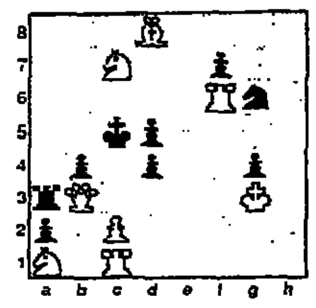
The first-stage problem was a mate in two – relatively easy, but tricky enough to defeat 1,300 contestants. Postal rounds reduced the field to 21 finalists with perfect scores who had to solve a variety of 10 difficult problems and endgames in 2½ hours. The hardest were helpmates, where Black plays first and helps White mate him.

The winners qualified to represent Britain at the 1992 world solving championship in Bonn, Germany. The UK team tied for the gold medal with the USSR in 1990 and won bronze in 1991.

The competition has been organised for the past decade by the British Chess Problem Society. Its bi-monthly magazine, The Problemist, contains dozens of diagrams for solving. If you would like a free sample copy, write to the magazine at 14 Newton Park Drive, Leeds LS7 4HH.

A pitfall of solving against the clock is that because the eye is drawn to visually-artistic moves, it is easy to overlook a hidden defence in time pressure. Such a trap caught out more than half the finalists in this week's two-mover. If you find the answer in seven minutes, you are outperforming most of the experts.

CHESS No 910



White mates in two moves against any defence (by K.H. Hannemann, 1925).

Solution Page XI

Leonard Barden

BRIDGE

IN TODAY'S hand from rubber bridge of good standard the declarer lost a contract, which he should have made:

N
♠ Q 4
♥ J 7 6
♦ K 9 8 3 2
♣ A 10 7

W
♠ K 8 2
♥ A
♦ A J 7 6 4
♣ Q 6 4 3

E
♠ 7
♥ 9 8 4 3 2
♦ Q 10 5
♣ K J 9 5

S
♠ A J 10 9 6 5 3
♥ K Q 10 5
♦ –
♣ 8 2

With both sides vulnerable West dealt and opened the bidding with one diamond. East replied with one heart and South overcalled with two spades – a strong bid, not pre-emptive – North raised to three spades, and four spades from South concluded the auction.

West started with his singleton ace of hearts, on which East dropped the two and switched to the three of clubs. Dummy won with the ace – this time East played an encouraging nine – and the declarer took stock. The spade king was surely in the West hand, so instead of finessing he played ace and another spade, trusting that the suit was breaking evenly. West won with his king, switched to the six of clubs to his partner's king, and a heart return beat the contract.

South should have looked more deeply into the situation. It was clear that only a Heart ruff could jeopardise the contract, but South's attempt to prevent this was not good enough. It was vitally important to prevent East from obtaining the lead in clubs. At the second trick the declarer should return dummy's king of diamonds – West must surely hold the ace for his opening bid – and discard his remaining club. West wins with his ace and leads another club. This is ruffed in hand, and the declarer now plays ace and another spade and the defence is helpless.

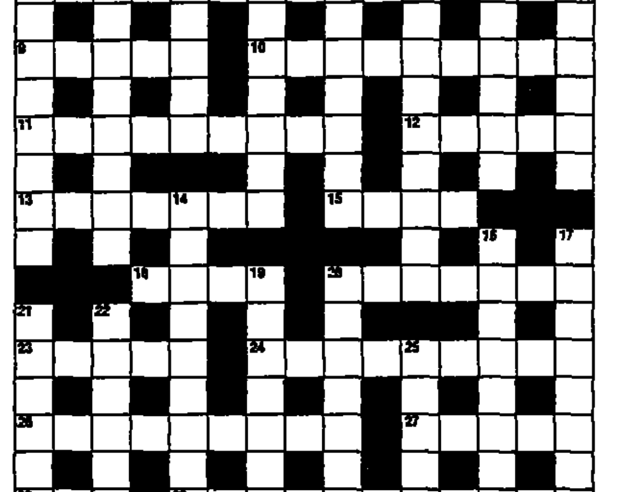
The play of the diamond king was called by Culbertson The Coup without a name, but nowadays it is called the Scissors Coup – it cuts the enemy lines of communication.

E P C Cotter

CROSSWORD

No. 7,774 Set by CINEPHILE

A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday February 26, marked Crossword 7,774 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday February 29.



Name..

Address..

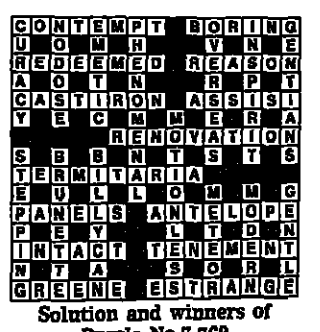
ACROSS

1 Itinerant fairy at quiet point in upper room (11)
7, 9 Aircraft returned without student, quite unreflecting (3,5)
10 Unusual VIP in tale that's mournful (9)
11 Rebel in south, pressing (9)
12 Famous refusal by small boy (5)
13 Couple in a rush, no end difficult (7)
15, 18 Transport for playwright called Richard? (8)
20 A recoil disturbed eating unit (7)
23 Psychologist in cradle role (5)
24 Regular measure for a beastly place (9)
26 Effrontery of poets called Thomas? (9)
27, 28 No possible blame is attached to North (Lord) (8)
29 Osborne's host to come in with detached retina? (11)

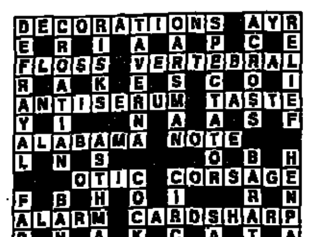
DOWN

1 Host causing pain with club (8)
2 Verge of removing leader from concerted attack (8)
3 Game by fire? (5)
4 Skimpily clad (could be so spelt) (7)
5 Religious treatise or agricultural vehicle (7)
6 Accepted form of coin in waterway (9)
7 Low dives for illicit fags (6)
8 Fashionable endeavour without purpose (6)
14 Possibly White Rose for Lancaster? (9)
16 Application for hair at the tea-table? (5,3)
17 Barrier on a river contains article for capital cover (8)
19 Direction for a cry of complete failure (4,3)
20 Dog brought up hot stew (7)
21 Discover what "six feet deep" means? (6)
22 French pound, gold, at home is now 10p (6)
25 Knowledge always turns up in Africa (5)

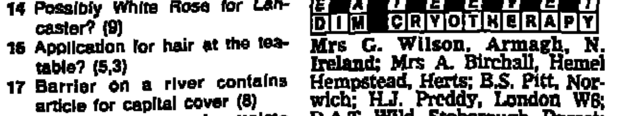
Solution to Puzzle No.7,773



Solution and winners of Puzzle No.7,762



Mrs G. Wilson, Armagh, N. Ireland; Mrs A. Birchall, Hemel Hempstead, Herts; B.S. Pitt, Norwich; H.J. Preddy, London W6; D.A.T. Wild, Stoborough, Dorset; Mrs H. Wingfield, Cambridge.



How to see the future with an uncommon touch

***Dominic Lawson** reveals that unlike most political pundits his omniscience is limited by his lifestyle*

I WAS greatly relieved to read a few days ago in Peter Jenkins' column in *The Independent* that "John Major is intending to announce the dissolution of Parliament the very day after the March 10 Budget. Polling day, as widely predicted, would be 9 April." Over the past few weeks people have kept coming up to me asking me when Major will dissolve Parliament and declare an election date, and what that date will be, and for some reason I have not always found it easy to give the honest answer, "I don't know."

For some reason the Prime Minister has seen fit not to entrust me with his greatest secret and if he had, I would not reveal it exclusively to you. But now all that is unnecessary. Jenkins has spoken, and so sure of this intelligence are his employers that they placed his revelatory column right across the front page, with a photograph of the famous columnist looking believable.

Unfortunately my relief, now that Jenkins has lifted the burden off my, and John Major's shoulders, has been short lived. For over the following two days I have been assailed by a new and different question. It is "Who is going to win the General Election?" I suppose I could say to these inquisitive people: "Wait until Mr Jenkins has given his forecast. Peter, I assure you, has his finger on the popular pulse," but for some reason I do not think this passing of the buck will impress my interlocutors.

The trouble is that, unlike almost all of the political commentators of our great quality national newspapers, I am not in touch with the people. I know that Peter Riddell of *The Times* is a keen and well-travelled pub darts player, and thus encounters all walks of life in our nation of beer drinkers. I know that the *FT*'s own Joe Rogaly is to be found every Saturday in the stands behind the goal at the Den, Millwall's charming football ground, where he enthusiastically acquaints himself with the moods and prejudices of the proletariat, who, after all, make up the bulk of the electorate. *The Guardian's* Hugo Young gains his invaluable insight into the mind of the people thanks to his 20-year long enthusiasm for the sport of all-in wrestling. He is there at all the big bouts, tapping in to the urban subculture. And of course Peter Jenkins' long involvement in "hot rod" stock car racing in Essex means he is never far removed from the people so snootily described by advertisers as C2s, Ds and Es.

But I am afraid that I cannot boast of any such intimate acquaintance with the popular mind. Unlike these people, I am cosseted by company cars and so rarely mix with ordinary folk on buses and underground trains. And my lunches are not spent in pubs rubbing shoulders with the heart of England. Unlike the leading political pundits I seem to spend most of my time, and expense account, talking with other journalists or men from Whitehall.

There was a time when I thought that, despite all this, I was well qualified to express opinions on "what people think" or "what the average person is saying." But one day I made some such remark to a friend of mine, a general practitioner who works in one of the biggest and least lovely of our inner city hospitals. He laughed derisively. "Dominic," he said, "people like you have never even made the acquaintance of anyone of average intelligence, let alone found out what he thinks."

When I want to know which party is likely to win the General Election – whenever it happens – I shall consult my friend the general practitioner.

■ *Dominic Lawson is editor of The Spectator.*

Private View/**Christian Tyler**

The art of science

Prof Richard Gregory describes a cultural failing

SCIENTISTS feel they have become the Cinderellas of British culture, left in rags to sweep the hearth while smart society gets dressed to go to the opera.

"It is extraordinary, isn't it?" said Professor Richard Gregory, inventor, neuropsychologist and philosopher. "Science is an alien culture completely separate from the main culture of our country.

"Yet I think science is the great adventure of the human race. I really do. It's the only adventure which has gone on for thousands of years pretty well continuously, exploring the nature of the universe and our place in it.

"It changes its assumptions, it's flexible, it has a great deal of tolerance, it's totally international. If someone discovers something in, say, Cambridge it's known in Peking the next week. It transcends all the barriers and the boundaries. Yet it's not fully appreciated."

Prof Gregory was striding round the flat he occupies in a grand terrace high above Bristol, showing off his collection of antique scientific instruments. The professor has a grasshopper mind; he is always one jump ahead of you. His mental leaps are connected, but by the time you have seen the connection the professor has jumped again. When explaining a difficult idea he has a charming way of adding "don't you think?", as if he were talking to Einstein.

After he settled down I asked him why arts and sciences had become divorced.

"One answer is that science is jolly difficult. You've got to sit down and think. You've got to know a lot of facts. You've got to build up mental models because it's all beneath the appearances. Science is also inherently more difficult to communicate."

But surely people are interested in things like personal computers and mobile telephones, I said.

"They're excited by the gadgets but not by how they work. I suppose you could say the same about opera and ballet: they're more interested in the result than in the process. Science is very much a process, a matter of techniques and procedures."

He agreed that scientists were partly to blame for their falling prestige: specialists digging their own little tunnels had lost sight of the broad horizons; they were bad at explaining themselves to the public.

Do you think there is still some theological resistance to science?

"Yes, I do. I think the idea of the old man up in heaven who has planned it all and looks at us with a kindly eye is still popular. I personally don't find it plausible as an explanation of the origin of the universe. I want to know who his grandfather was, where he comes from.

"The idea of a universe evolving, like natural selection, is much more attractive. But it does mean we've got to find our own significance, by our own activities. Personally I don't think the universe has got an origin. Much better to say that time never had a start."

Has the bias against science increased in your lifetime?

"That's probably true, certainly as far as teachers are concerned. I mean, a professor at one time had a real standing in the community. Now there is an antipathy to a great deal of science, probably since the atom bomb. After all, we did produce a horrendous weapon. Science has produced some incredibly dangerous toys. You can't call people silly for being frightened of that."

Scientists were on a kind of toboggan ride. To stay on and try to steer the toboggan required courage, but it was not surprising if other people felt it was a ride they didn't want to be on.

"This is the drama of our times," he added.

Should we be worried about genetic manipulation, for example?

"It seems to me that any tool has its dangers. If you've got a chisel you can cut your thumb. At the same time if you haven't got tools you are a sort of a child, really. You can't do anything. We've simply got to learn to cope with the dangers.

"And that's why we need science education so much now. If you're a politician and you don't understand, say, the half-life of radioactivity, how can you talk to the experts?" This ignorance, he thinks, is dangerous for our democracy.

So if science lacks political support, I asked, is that due to the ignorance of politicians?

"Frankly, I think it is. There are far too few MPs who understand science. You don't need to have a very detailed knowledge: you need a sort of hand-waving understanding of the basic concepts." (From his work on mind and brain, Gregory concludes that there are two kinds of thinking, the rapid, intuitive sort which results in "hand-waving" explanations, and the slow, sequential sort which he calls "handle-turning".)

Meeting Gregory, it is easy to see why he gets invited on to television. He is full of bounce as well as brains, and he looks – anyway to the arts graduates who run the BBC – as a boffin should look. His hobby is punning (he thought of "absinthe makes the heart grow fonder" before he saw it in a Christmas cracker) and his favourite author is P.G. Wodehouse. Humour is like scientific invention: "A good joke puts things together in a new way."

He was almost predestined to be an inventor-scientist rather than a laboratory technician. His father was a leading astronomer and one of his paternal ancestors devised a reflecting telescope two years before Isaac Newton.

From the RAF, Gregory won a scholarship to read philosophy at Cambridge after the war. There he was taught by Bertrand Russell (but missed Wittgenstein by two weeks). He stayed on to lecture in experimental psychology, moved to Edinburgh to help set up a pioneering artifical intelligence laboratory, then came to Bristol University as professor of neuropsychology.

Here, inspired by Francis Bacon's utopian *New Atlantis* of 1627, he set up his "Exploratory", a working museum of gadgets to demonstrate scientific phenomena. Modelled on the San Francisco Exploratorium founded by Frank Oppenheimer, it has produced offshoots all over the UK.

Gregory's work on perception and has taken him into the painter's world (with Ernst Gombrich he produced *Illusion in Nature and Art*). So I asked him whether there was any connection between the scientist's and artist's approach.

"I personally think they're pretty different: the effort to communicate is different from the effort of thinking something out. You could say arts are evocative, evoking experiences in other people, where science is explanatory. The good teacher has to be both."

Aren't they both forms of problem-solving?

"Yes. But I think they're different kinds of problem."

What about the use of illusion in the arts?

"I think illusions are the key to a great deal of how perception actually works. Cognitive illusion leads you right into the depths of the mind. It shows how mind takes off from physical reality. It shows how we create."

Does creativity link the two?

"Yes, undoubtedly. I think creativity is the key to the whole thing, why some people are creative and others are not."

How do you account for inspiration?

"One often sort of bumbles about, playing around with an experiment. Suddenly the penny drops and you have a bright idea. Then trying it out is immensely exciting, because you really are playing a game against nature and you don't know how it's going to work out.

"In most scientists' lives it only happens five or six times. But when you know this new fact, for about a week or so, and nobody else does, it's quite nice."

Gregory's most recent inspiration led, with the help of a colleague in California, to a useful discovery about how the brain fills in the blind spot in the human eye. His best, he said, came when he was involved in the American moon landing programme and discovered, very suddenly, how to get pictures of the moon without atmospheric disturbance. (The solution was to give the telescope camera a "brain" to instruct its eye, human fashion.)

Can a person's bias towards arts or sciences be explained scientifically?

"I think there are different abilities: some have strong visual imagery, some are good at amassing lots of data and building up generalisations, others can remember names of, say, all the fossils but never have a generalisation in their lives. We're not exactly the same – which is why it's nice having lots of friends."

Whatever a person's bias, Gregory thinks the intuitive mode of thinking, the system of mental models or patterns, is "vitally important." It is the essence of the way we think, understand, create, and make decisions about the world. Intuitions are not necessarily true: they must always be inspected by the other part of the brain. This theory, he says, has important educational consequences.

You mean we are failing the intuitive side of our children?

"I think you're saying something very important. It's easy to examine on something like arithmetic or essays which are logically set out, because you can compare one with another. Intuition is extremely difficult to test: it takes individual teaching.

"Developing people's intuitive understanding and then training them to test their intuitions is what it's all about: to be educated, to be effectively creative you need an extra stage of testing. It's a very expensive way of educating but to my mind it's essential. You've got to nurture that creative cauldron."

I think Professor Gregory had dealt with my question – but my mental processor is still chewing over the answer.

Heaven and Hell

Hatred, hunger – and a world within

***Rabbi Lionel Blue** always knew where purgatory was. Paradise proved more elusive*

AS A CHILD, I knew where Hell was. It was a concentration camp in Germany. I also knew why it was Hell. It was not the hunger but the hatred in it. I had already realised that suffering and Hell are not the same.

Heaven was more difficult to locate. I learnt a poem of Henry Vaughan:

My soul there is a country,
far beyond the stars."

It ended:

If thou canst get but thither
there grows the flower of peace,
the rose that cannot wither
thy fortress and thy ease.

A tempting prospect but, unlike Hell, it did not figure on any map.

For practical purposes, my childhood Heaven was a cinema and bliss was watching the flashing titles of *Top Hat* or *Snow White*, assured of that happy ending I already knew "real" life could never provide.

These certainties of childhood dissolved into the puzzles of adolescence. I was now an atheist who no longer believed in sin or Hell, although I still tried to convince myself of a workers' paradise in Russia. Fortunately, I failed.

I turned to religion because I became convinced that home was not here and that I was a stranger in this world. I remember Oxford parties when, while making conversation, I stepped out of my body and watched myself from somewhere near the ceiling. It is a common experience. And, sometimes, when people asked me the way, I replied: "I'm a stranger here, too" – and knew suddenly that I had said something significant. But, if I was not altogether here, where was I?

Now, I liked poring over maps and I chanced upon some metaphysical ones. There were the road maps of Bunyan's Pilgrim that charted his Progress past Doubting Castle and the House Beautiful to the Celestial City. I also bought a pious print which showed what awaited you if you entered "the narrow gate" or "the broad way." The latter led past a lottery, Sunday trains and a sedate dance hall to damnation. The former (frequented mainly by women, children and dogs) led past hermit huts and wayside shrines to peaceful lawns, like those that surround crematoria. (The Hells constructed by human beings are more convincing than their Heavens).

I knew now that Heaven was home, and that is where I wanted to go. I was pulled towards it by an invisible gravity which altered the logic of my life. My parents had wanted me to be a solicitor. I had intended to become a revolutionary, or study revolutions safely in a university, but the tantalising fragrance of the "rose that cannot wither" pulled me – indeed, seduced me – into the ministry and has kept me there for 40 years.

Such goodness exits somewhere; so many see it, know it and love it, although only hints and glimpses of it are afforded to us in the world around us.

I became curious about other people's Heavens. Could I identify them with mine? Some were more witty than helpful. The Rev. Sidney Smith's Heaven, for example, was foie gras eaten to the sound of trumpets (which reminded me of London's pre-war Corner Houses – a childhood paradise).

Three sources helped me in my investigations. The first was Abelard, whose *Quantia Zualia* provides the only convincing hedonist Heaven. It is where you get everything you have ever wanted and, when you get it, it turns out to be as lovely as you expected.

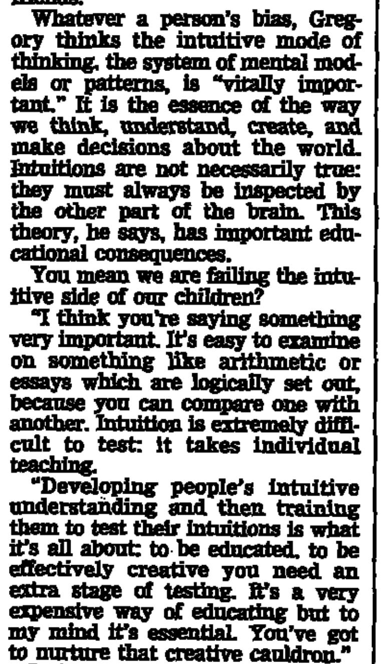
The second was Teresa of Avila in her *Interior Castle*. While reading it, I realised that Heaven was not in the outside world, nor even in another dimension. It was within, and I was carrying it about with me.

What I could not accept was the orderly progress she described by which you got there. My own was jerky and bewildering. Sometimes, I was within hailing distance of the "inner room" and the next minute I was flat on my face, miles outside the moat.

The third source were those parables of the kingdom of Heaven in Rabbinic literature and the gospels, where its inner location is explicit: "The Kingdom of Heaven is within you." Although I could not digest the miracles or marvels of the gospels, the parables seemed accurate and familiar. Because Heaven appears as small, humdrum and over-familiar, like the lost penny or grain of sand, we do not see it.

I also began to realise that you do not have to wait for Heaven – you can make it happen now. Whenever you invite it into your life and testify to it with an act of generosity, you step into it. This, too, is a common experience, confirmed by letters from radio listeners.

It is this experience of Heaven which renews my personal religion; not theology or official pieties. Heaven and Hell are connected intimately. They are the same place, two sides of the same coin. It is what we project on to them that



divides them.

In this article I have been more concerned with Heaven than Hell, for the latter does not figure seriously in present Jewish theology. It surfaces only in Jewish jokes. A loving God and Father does not consign his creation to such a place.

There is a tradition that, in Talmudic times, the rabbis debated the existence of Hell. They decided (by majority) that it did not exist but, if it did, this world was it.

Well, if this world is Hell, or an extreme type of purgatory, it requires no further description from me. We already know it well enough – we are in it.

Anyone out there?

Michael Thompson-Noel

I AM ON my way to Pasadena, to visit the good folk who run the Jet Propulsion Laboratory at the California Institute of Technology. I am not hurrying directly there, but taking a scenic route – Los Angeles, Cabo San Lucas, Mazatlan, Acapulco, Hollywood, Pasadena.

My mission: to learn something at the JPL about Nasa's $100m SETI programme, or search for extraterrestial intelligence, to be formally launched on October 12, Columbus Day. SETI is an attempt at interstellar eavesdropping that may yield evidence of intelligent life elsewhere in our own Milky Way.

However, before leaving London I had to give my executive assistant, Miss Lee, a crash course in the background to the SETI programme, so that she could appear reasonably intelligent when in telephonic contact with the executive assistants at the JPL. I didn't want her letting the side down.

Miss Lee is in upmode at present: so svelte and groomed that she has dug out all her miniskirts. But like most of my friends and colleagues, Miss Lee has the faintest grasp possible of the importance of SETI, and confuses it with the notion of green men with pointed ears buzzing about in UFOs.

"Look," I said. "SETI is nothing to do with UFOs or beings that look like blancmanges, though they *might*. It is about listening for messages. Not sending anything, *listening*. Quite possibly the number of civilisations in the Milky Way is one – us. Perhaps civilisations take

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billions of years to evolve and then immolate themselves soon after reaching the technological stage.

"But perhaps not. Perhaps there are 1m civilisations distributed more or less randomly through the galaxy. The average separation between them would be 300 light years. And they might be sending messages. It is cheaper to beam radio messages than to gallivant through space or colonise stars.

"It would be easy for extraterrestials to send unambiguous messages," I continued. "For example, a modulated beacon-signal comprising the numbers 1, 2, 3, 5, 7, 11, 13, 17, 19, 23, 29 and 31 – the first dozen prime numbers – could only have a biological origin.

"And those messages could be inconceivably rich. Perhaps, when we tune in, we will find ourselves listening to Volume 4,507 of *Encyclopaedia Galactica*. As my good friend Carl Sagan has put it: 'We would discover the nature of other civilisations. There would be many of them, each composed of organisms astonishingly different from anything on this planet. They would view the universe somewhat differently. They would have different arts and social functions. They would be interested in things we never thought of. By comparing our knowledge with theirs, we would grow immeasurably'."

I smiled wisely, and concluded: "If SETI hits the jackpot, stunning insights are possible in the physical, biological and social sciences – all of them filtered through the novel perspective of beings that may be profoundly dissimilar – in the deepest sense different – to us. To quote Carl Sagan."

Miss Lee patted her hair, checked her lipstick and studied the sueded tips of her £200 shoes.

"I see, Michael," she said. "If I have grasped things correctly from your interstellar musings, Nasa's SETI programme shows the hallmarks of an imaginative and inquisitive civilisation – us – that is hoping, cost-effectively, to browse through a few chapters of *Encyclopaedia Galactica*. Right?

"And you are travelling to Pasadena to meet top Nasa scientists who are hoping to stumble across radio-beamed advice columns from beings in the Milky Way that may help us solve some of our local difficulties. Our wars and nuclear arsenals. Growing populations. Pestilence and pollution. The gulf between rich and poor. Our profligacy with resources and the way we are hounding to extinction thousands of lesser species. *Right?*"

"Correct," I said, suddenly on my guard.

"But what about small things?" Miss Lee continued. "Has it occurred to you, Michael, that the likeliest threats to civilisation are not the big things, like nuclear war, to which this planet devotes endless man-hours of study and contemplation, but little things. Irritants. Snicks. Puncture wounds that we don't really feel but which could prove fatal."

"Like?"

"Well . . . Virginia Bottomley. Or son-of-poll-tax. Or ITV. Diets. Pushing in bus queues. The cost of dry cleaning. Neil Kinnock. Criticism of the monarchy. Stuffiness. Diffidence. The *Daily Telegraph*. People who forget birthdays. Red ties and green shirts. Music critics. *All* critics. Sales talk. Treading on frogs. Pinchings and pattings. Airs and graces. Condescension. Men."

No wonder I am lying low in Hollywood.